

COMPARATIVE ANALYSIS ON EPF INVESTORS' KNOWLEDGE, EXPERIENCE, AND BEHAVIOUR TOWARDS INVESTING IN ISLAMIC AND CONVENTIONAL UNIT TRUSTS : THE CASE OF MALAYSIA

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ABSTRACT

The study explores EPF investors' knowledge, experience and behavior towards investing in Islamic and conventional unit trusts in Malaysia. 110 valid responses were collected through surveys among government and private employees residing in Klang Valley area. Based on Statistical Package for Social Sciences (SPSS), it is found that majority of the respondents have enough knowledge about Islamic and conventional unit trusts while they have more experiences with the Islamic unit trust compared to the conventional. With regards to the EPF investors' behaviour, most of them are heavily relied on various source of information to make decision on investing in the Islamic unit trust. Results of this research is very significant to proof that besides other sources of information, knowledge on both Islamic and conventional unit trust is relevant to make decision for future financial planning.

Keywords : Employee Provident Fund, Islamic unit trusts, Conventional unit trusts, Investors' behavior, Malaysia.

1. RESEARCH BACKGROUND

A unit trust is an investment vehicle that allows investors to accumulate their savings investing in a portfolio of Assets. These assets such as cash, bonds, shares, properties, and commodities are included in this portfolio. In Malaysia, the growth of the unit trust industry has positively contributed by the introduction of Amanah Saham Nasional and

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Amanah Saham Bumiputra in 1980 and 1990 correspondingly. As Malaysia practiced dual banking system, unit trusts are also offered both conventional and Islamic types. In October 1991, conventional unit trusts were implemented on the market in different assets in Malaysia and 3 years after that, in March 1994, it was allowed to invest in overseas stock market. In addition, on the 1st March 1993, the Securities Commission (SC) was first recognized to introduce unit trust funds to the Islamic capital market. The development of unit trust industry in Malaysia is remarkable. Net asset value for unit trust flew by approximately 163 percent where RM87.3 billion was in 2004 and RM226.9 billion was at the end of 2010. The NAV organized around 20.12 percent of market capitalization of Bursa Malaysia in December 2012. In 2016, net asset value (NAV) of Unit Trust industry was RM356.466 billion with 21.65 percent of Bursa Malaysia market capitalization (Malaysia unit trust information, 2016).

In Malaysia, employees are allowed to invest a portion of their saving called Provident Fund Members Investment Scheme to a unit trust. EPF members can withdraw an amount of money from the Basic Saving Account 1 and can also invest that money into EPF approved unit trusts. 20 percent of the amount in excess of the Account 1 can be withdrawn by EPF members but not more than that. The members of Employees Provident Fund (EPF) in Malaysia are also allowed to invest a portion of their savings in permitted Unit Trusts. These approved funds are under the Members Investment Scheme (MIS). From the government website, it is found that as at 31 December 2015, there are 333 trust funds approved under EPF Members Investment Scheme. 217 funds of them are eligible to be offered. Out of these 217 active funds, 7 funds are rejected for not reaching their selected criteria under EPF yearly fund's evaluation exercise. 20 funds have been replaced under the evaluation exercise which was previously rejected and there are 4 new funds added to be listed. Therefore, there are now 234 active trust funds practiced to be obtainable for 2016/2017, effective 1 April 2016 (KWSP, 2016).

This research finds some issues related to the investment in Unit trust of EPF investors in Malaysia. The first issue is the EPF investors have received less profit investing in unit trust for the past years (Jidwin, Tuyon & Ali, 2011). The issue above partly addresses that the investment withdrawal scheme was introduced by EPF in 1996 to improve retirement funds. However, the participating members who were really concerned about the problem that members had experienced losses which was about RM600 million in the unit trust investments (Abdullah et al., 2013). It is really controverting with the good performance of the unit trust industry in Malaysia.

Another issue is on big pressures from their financial consultant (Jidwin, Tuyon & Ali, 2011). Not only pressures from investment consultants, the other factors that may influence their decision would including the information source, level of knowledge on unit trust investment, as well as other factors for fund selection. Hence, it is undeniable

that financial consultants have been playing a critical role in assisting EPF members with their investment decision making. Since, most of them are depending on advises and guidance given by the financial consultants (Jidwin, Tuyon & Ali, 2011).

There are a lot of researches conducted on the unit trust funds, including from the perspective of “investors” or “mutual fund purchasers” (Kuah, 2008), the performance of unit trusts (Galagedera, Don & Silvapulle, 2002; Bauer, Koedijk & Otten, 2002; Low, 2007), investment style of fund manager, contract cost and asset size (Ramasamy & Yeung, 2003), Islamic unit trusts performance (Abdullah, Hassan & Mohamad, 2007), aggregate performance of mutual funds (Fauziah, Taib & Isa, 2007), and last but not least on price association with index in evolving market (Low & Ghazali, 2007). However, based on observation of the past literatures, there are limited studies conducted to compare the investors’ behavior of using Employee Provident Fund (EPF) to invest into conventional and Islamic unit trusts especially in the Malaysian context.

The significant role of the unit trust as a medium of future income generating is seen very obvious recently. Therefore, this research is conducted to observe the EPF investors’ knowledge, experience, and behavior on investing into the Islamic and conventional unit trusts which the results would generate a lesson to others to make decision on future financial planning.

2. LITERATURE REVIEW

Investor’s Perception on Islamic Unit Trust

A research done by Ibrahim et al. (2006) entitled Investors’ Perception towards Islamic Unit Trust in Malaysia depicted that the conventional unit trust is preferred by most rather than the Islamic unit trust and it also showed that all age groups of respondents agreed that the main factor to not invest on Islamic unit trust is lack of information about it. Therefore, a better dissemination of information is the key determinant in their decision to invest on Islamic unit trust.

According to Ali, Zani and Kasim (2014), in predicting the intention to invest into Islamic unit trusts based on attitude, the result showed that there was a significant positive effect of attitude on the intention to invest in Islamic unit trust in Malaysia.

Furthermore, a research in Bangladesh about investors’ perception on conventional and Islamic investment instrument was done by Mobarek, Mollah and Bhuyan (2008). It was about investors’ behavior in Islamic and conventional stock market in which 201 responses had been collected. Moreover, the first investors’ choice, in this case is to make a separation between traditional stock and Islamic stock, rather than transforming their conventional stock into Islamic one. This is because they want to maximize the

profit which generates from traditional stock and Islamic stock at the same time, they ignored the riba contained in traditional stock, and this choice got the highest rank which reached 3.49 score on the Likert scale. This research showed that Islamic financial instrument like a stock was desirable by investors.

Moreover, a related research had been done by Ali, Zani and Kasim (2014) which involved 180 respondents. By using Structural Equation Model this study revealed the investors' intention and attitude in investing in unit trusts in Malaysia. The result presents that when attitude goes up by 1, intention goes up by 0.712. Furthermore, it was explained that an attitude had positive effect on intention to invest in Islamic unit trust. Remarkably, the investors prefer Islamic unit trusts for their investment as it is valuable and advantageous. The research also found that Islamic unit trust is one of the best investment options offered in Malaysia. In short, there is big contribution according to the social environment in Malaysia in customer's or investor's perception to invest on Islamic financial instrument particularly to invest in Islamic unit trust.

Factors Influencing EPF Investors Investing in Unit Trust Funds in India and Malaysia

In India, the study by Ranganathan (2006) found that there is a good opportunity for MF investments in near future as 40 percent of the respondents voted 'Yes'. However, 20 percent have selected 'No' and 40 percent as 'Not Sure' as their preference in future MF investment. However, the 'No' and 'Not Sure' category should be concerned to the fund authority. There must be plenty of reasons for the 60 percent of the investors to have negative approach towards MFs.

Analysis of scheme preference by nature of process exposes the reputation of 'Open-Ended' scheme. In India, the maximum of schemes are Open-Ended as investors can buy or sell units at NAV correlated prices. 46 new schemes were launched during 2003 to 2004, while 44 were Open-Ended and two were Close-Ended. The preference to Open-Ended scheme has also given due position to 'Liquidity'. However, only nine percent of the respondents have voted for 'Interval Schemes' which showed less consciousness with regard to this feature (Ranganathan, 2006).

Another research conducted by Ranganathan (2006) exposed that the general consciousness level among individual investors of the concept and running of MFs was good. The number of investors in India who have good consciousness level of MFs results to 53 percent. This could be recognized to the wide publicity given to MF industry by the media for mixed reasons. Agent training programs and investor education programs organized by Association of mutual fund in India (AMFI) at regional levels during 2003 to 2004 could also have contributed to this level of awareness. However,

this study was based in a municipal city of Mumbai where the consciousness level may be significantly high. But, the litmus test for the business is the growth of the circulation network to smaller rural and urban regions where most of the small investors live. The challenge would be to educate these investors about the advantages of investing in mutual funds compared to outdated saving tools. The results of Chi-Square test shows that the awareness level is dependent only on academic qualifications. Asset Management Companies (AMC) should take note of this and follow a segmented approach in marketing the product and in generating consciousness.

In India, another research conducted by Prabhavathi and Kishore (2013) found that majority of the respondents preferred regular investment plans. In addition, they got their source of evidence mostly from banks and financial advisors. Investors preferred mutual funds mainly for NAV and past performance of funds including professional fund management and better returns. As per the investor preferences, about 65 percent of investors preferred equity funds followed by balanced funds (18.75 percent) and that indicated that more than 60 percent of the respondents were risk takers interested in investment growth. Nearly 72.50 percent of investors preferred open-ended funds with systematic investment plans (SIP) having a tenure period of two to five years and 38.75 percent of investors preferred to invest Rs 1000 per month followed by Rs 2000 (37.50 percent). Thus it is inferred that middle aged, married long term investors prefer having a family size 3-5 preferred SIP. These investors wanted their investments on piece meal basis to meet their need for money in future. About 28.75 percent of the investors knew about mutual funds from banks followed by financial advisors (23.75 percent) as they had access to banking facilities and advice from financial advisors. As per the study 26.25 percent of respondents preferred Reliance Mutual Fund followed by ICICI Prudential Mutual Fund (21.25 percent). Transparency of investment and other services provided made investors to prefer the Reliance, ICICI AMCs.

There are no significant changes in investment choice decision among individuals with different levels of RCI and Muslim religiosity separately in the Chi-square tests results (Jamaludin, 2013). These results proposed that individuals' investment choice in decisions are not significantly influenced by religion, mostly when it is about investing part of their retirement funds in a unit trust. The Chi-Square test results of this research indicated substantial differences in investment choice decisions between Muslim and non-Muslim investors. Half of Muslim investors used to maintain their saving in a default fund and half of them invest their saving in the unit trust fund. In contrast, most of non-Muslims investors used to invest their saving money in the unit trust funds.

A previous research by Jamaludin and Smith (2013) found that analysis of the survey of EPF members showed significant differences in the position of fund selection principles between Muslim and non-Muslim investors in Malaysia. The most important selection

criteria among Muslim and non-Muslim EPF investors separately depends on the past performance and the fund's commitment to Islamic principles. Similarly, according to the consultants' survey, it is shown the significant differences in the place of fund selection measures among Muslim and non-Muslim consultants. The fund's commitment to Islamic principles and the fund's past performance as the most important criteria respectively were considered by both Muslim and non-Muslim consultants.

The experiences of investment performances in unit trusts of EPF investors were mixed in Malaysia. Ten percent was the highest return on members' investment and negative 5 percent was the lowest return. This could be the evidence that the minimum return for EPF is 2.5 percent guaranteed for the participating members. There are also possibilities of investors to make greater income than the average performance of EPF investment of five percent with suitable fund selection policies as argued in this paper from the opportunistic point of view (Jidwin, Tuyon and Ali, 2011).

In other research, Jamaludin, Smith and Gerrans (2012) and Jamaludin (2014) found from the survey results that the level of mutual fund selection principles varied among the retail depositors. The non-Muslim EPF investors used to focus on the past performance of the fund. In line with compliant to spiritual belief, Muslim EPF members of Malaysia used to focus on the fund's commitment to Islamic principles but all members commonly considered the complete reputation of the fund as a significant norm in choosing a mutual fund. The findings of this research can help fund management companies to encourage their funds to the right depositors. The top rated funds, second to top, and third to top pointedly outclassed the bottom rated funds particularly in a lengthier investment period. This result shows that Lipper ranking method is able and valuable in recognizing the bottom to top performance funds (Abdullah et al., 2013).

The average performance of Malaysian unit trust drops below risk-free returns and market portfolio. However, the market is higher than the variance of unit trust monthly returns. When there is a performance by type of funds, the bond funds display comparatively greater performance than the market and equity unit trusts because the high interest rate makes the situation during the crisis period. The findings of the study also propose that no persistency in performance exists and no significant inter-temporal correlation exists between past and current performance (Fauziah, Taib and Isa, 2007).

According to the behavioral analysis in Malaysia by Kuah (2008), it was found that 47.4 percent of the variance in behavioral intention has been explained by the model of this research. The findings suggested that there was a positive effect on the past behavior and attitude to the investors' behavior investing in mutual funds. It was found that there was a positive significant influence on investors' real investment in both 'past behavior' and 'intention'. There is even a significant great percentage of variance in behavioral intention that the model had clarified.

The researcher expected that in Peninsular Malaysia, the behavior had an influence on the investment choice to invest in unit trust fund. On a relative research, the EPF investors on the eastern side were not more influenced by their behavior as they were less exposed to information than the western part of Peninsular Malaysia. EPF investors from Eastern Peninsular states have less knowledge than investors in Western Peninsular Malaysia (Aaijaz et al., 2013).

The Islamic funds in Malaysia miscarried to outperform the performance of conventional fund on average (Ahmad and Haron, 2006). However, the conventional funds had higher risks than the Islamic funds. Even more, there was no significant difference in the performance of both funds through the independent sample t-test results.

A previous research by Jalil and Rahman (2010) revealed in Malaysia that EPF is not considerably associated with the earnings management action. This result is stable with Thillainathan (1999) who declared that EPF may play an inactive role in corporate governance and also primarily trusts on third party enquiry to find information in its portfolio firms. For example, it can be seen in 2005 with the disappointment of EPF to immediate achievement against the neglect of minority interest by the insiders of KFC Holdings (Malaysia) Berhad (KFCH) in spite of holding 11.99 percent of the shares in KFCH. An increasing number of directors was one of the problems at KFCH, which could unavoidably bring to question on the efficacy and effectiveness of decision-making. Hence, it is disputed that institutional shareholders such as EPF, who signified wide stakeholders with the obligation and restraint to confirm that their investments were secured by taking action to verify that KFCH was being run appropriately.

In the previous study by Fernando et al. (2003), the development of unit trust industry was determined by a number of factors. The level of income and wealth of the investors of a country were the major factors. In addition, investing in unit trust was the way of saving for retirement and purchasing life insurance. For instance, a positive income elasticity of demand had been identified through the finding of the research. However, the association between holdings of unit trust and per capita income was not constantly positive.

In Malaysia, the investors in the age group of less than 30 used to become peaceful in the investment because they preferred high returns taking low risk. The investors mostly preferred higher return with high risk were those in the age group of 31-40. Moreover, the investors in the age group of 41-50 preferred high return and low risk. Finally, the research found that the investors above 50 years of age chose low risk no matter whatever the return would be (Mehta and Shah, 2012).

3. RESEARCH METHODOLOGY

In this research, the primary data that is relevant to this empirical study were considered and collected through handover of the questionnaires to the respondents. A survey method is a very important source of primary data and it permits the researchers to get required information according to their beliefs, perception, and lifestyles including their demographic details (Hair et al., 2003). Under this method, respondents can express them freely without the interruption of the surveyors (Zikmund and Babin, 2007) through a self-administered questionnaire, mail surveys and telephone (Panneerselvam, 2006). Researcher led self-administered questionnaire survey to government and private employees in Kuala Lumpur and Selangor, Malaysia. To observe the EPF investors' behavior, descriptive analysis is done using SPSS and mean value for all construct is examined. A total 110 EPF investors located in Klang Valley have involved in this research. Further results is explained in the following section.

4. DATA ANALYSIS: RESULT AND DISCUSSION

Demographic Profile of the Respondents

The demographic part of the questionnaire consists of respondents' gender, age, religion, job specification, monthly income, monthly saving, and objective of saving. as explained in Table 1. Based on analysis, 54.5 percent respondents are male while 45.5 percent of the respondents are female. In the category of age, majority of the respondents are from the age group 26-40 years which represent 60 percent, followed by age group of 41-50 years which scored 32.7 percent. The least percentage is 1.8 percent from the age group above 50 years while the other is 5.5 percent from the age groups below 25 years.

The results of the analysis also revealed that majority of the respondents (63.6 percent) are Muslim whereas 14.5 percent, 10.9 percent, 7.3 percent, 2.7 percent and 0.9 percent are Hindu, Christian, Buddhist, Mahayana and Folk respectively. In terms of job specification, 60.9 percent are private employee, 32.7 percent are government employees and 6.4 percent are self-employed. In reference to the monthly income, the majority of the respondents are from the income group of less than 3000 which signify 51.8 percent whereas 30.9 percent are from the income group 3001-5000. The others (10 percent and 7.3 percent) are from the income groups 'more than 10000' and 5001-10000 chronologically. In terms of monthly saving, there are 64.5 percent who are under the saving group 'less than 1000'. The rest 28.2 percent and 7.3 percent are from the saving group 1001-3000 and 3001-5000 correspondingly.

As for the purpose of savings, the highest number of respondents (80 percent) is for retirement, followed by 13.6 percent for child education, 2.7 percent for purchase of assets, 2.7 percent for reaching contingencies and the least 0.9 percent for tax reduction.

In terms of current preference of saving avenue, the maximum respondents goes to employee provident fund (EPF) which represents 55.5 percent, followed by the bank deposit which scored 41.8 percent. 1.8 percent preference goes to the post-office deposit while 0.9 percent preference goes to others. Among the respondents, 91.8 percent are involved in investing EPF and the rest do not invest their EPF. Therefore, the highest number of respondents is 82.7 percent who invest their EPF into the unit trust funds, followed by 5.5 percent in the saving account. The other 2.7 percent and 0.9 percent invest EPF into fixed deposit and gold respectively.

In reference to the current preference of saving avenue, more than half of the respondents stated that EPF which score 55.5 percent while 41.8 percent respondent prefer bank deposit. Minority of respondents prefer post-office deposit and others, which score 1.8 percent and .9 percent respectively. Most importantly, 91.8 percent respondents invest their EPF where at most, 82.7 percent respondent invest into unit trust funds, 5.5 percent of them invest into savings account, 2.7 percent invest into fixed deposit and .9 percent invest into gold. The rest respondent do not invest their EPF.

Table 1: Demographic Profile of the Respondents

Description	Frequency	percentage	Cumulative (%)
Gender			
Male	60	54.5	54.5
Female	50	45.5	100.0
Total	110	100.0	
Age in completed years			
Below 25	6	5.5	5.5
26-40	66	60.0	65.5
41-50	36	32.7	98.2
Above 50	2	1.8	100.0
Total	110	100.0	
Religion			
Muslim	70	63.6	74.5
Hindu	16	14.5	89.1
Christian	12	10.9	100.0
Total	110	100.0	
Other Religion			
Buddhism	8	7.3	96.4
Folk	1	.9	97.3
Mahayana	3	2.7	100.0
Total	110	100.0	

Job Specification			
Government	36	32.7	32.7
Private	67	60.9	93.6
Self-Employed	7	6.4	100.0
Total	110	100.0	
Monthly Income			
Less than 3000	57	51.8	51.8
3001-5000	34	30.9	82.7
5001-10000	8	7.3	90.0
More than 10000	11	10.0	100.0
Total	110	100.0	
Monthly Savings			
Less than 1000	71	64.5	64.5
1001-3000	31	28.2	92.7
3001-5000	8	7.3	100.0
Total	110	100.0	
Objectives of your savings are			
For retirement	88	80.0	80.0
Tax reduction	1	.9	80.9
Child education	15	13.6	94.5
To meet contingencies	3	2.7	97.3
For purchase of Assets	3	2.7	100.0
Total	110	100.0	
What is current preference of Saving Avenue?			
Bank Deposit	46	41.8	41.8
Post-office Deposit	2	1.8	43.6
Employee provident Fund	61	55.5	99.1
Others	1	.9	100.0
Total	110	100.0	
Do you invest your EPF?			
Yes	101	91.8	91.8
No	9	8.2	100.0
Total	110	100.0	
If yes, where do you invest Employee Provident Fund (EPF)?			
.00	9	8.2	8.2
Unit Trust Funds	91	82.7	90.0
Fixed Deposit	3	2.7	93.6
Investing in gold	1	.9	94.5
Saving Account	6	5.5	100.0
Total	110	100.0	

Result: Knowledge about Islamic Unit Trusts

Based on five (5) measurement items adapted from the previous researchers, knowledge of EPF investors on the Islamic unit trust is examined through descriptive analysis. As presented in Table 2, on average, majority of the respondents have good knowledge on the Islamic unit trust (mean = 4.0). In details, they are basically know that Islamic unit trusts are a group of specialized collective investment funds that offer investors the opportunity to invest in a diversified portfolio of securities in accordance to Shariah principles (mean = 4.28). In addition, most of them are also noticed that there are no element of riba (interest) in the Islamic unit trust (mean = 3.86), the fund will be invested in only Shariah compliant counter (mean = 3.92), there are screening process (mean = 4.09), and during the market slowdown, the Islamic unit trust will maintain its performance (mean = 3.89).

Table 2: Knowledge about Islamic Unit Trust

No	Description	Level of Knowledge (%)					N	Mean
		1	2	3	4	5		
1	“Islamic Unit Trust Funds are a group of specialized collective investment funds which offer investors the opportunity to invest in a diversified portfolio of securities in accordance to Shariah principles”.	0.0	0.0	3.6	64.5	31.8	110	4.282
2	“Islamic Unit Trust Funds are invested in portfolios of ‘halal’ stocks and bonds complying with the Shariah principles”.	0.0	0.9	17.3	70.9	10.9	110	3.918
3	“Islamic Unit Trust Funds avoid the element of ‘riba’ or interest through the process of cleaning or purification”.	0.0	0.0	10.0	70.9	19.1	110	4.091
4	“Islamic Unit Trust Funds investors cannot invest anywhere, rather they must set up screens into select those companies that meet its qualitative and quantities Sharia guidelines”.	0.0	1.8	23.6	58.2	16.4	110	3.890
5	“Islamic Unit Trust Funds performed well than the conventional funds during bearish economic trends”.							
Average Mean Value								4.009

Note: 1=Strongly Disagree, 2=disagree, 3=Neutral, 4=Agree and 5=Strongly Agree

Knowledge about Conventional Unit Trusts

In reference to the knowledge about conventional unit trusts, table 3 represents the descriptive analysis of five (5) measurement items developed for this domain. The average mean value for all statements is 4.08 which is in between agree and strongly agree represents good level of knowledge among the EPF investors towards the conventional unit trusts. For each individual item, the highest mean value is 4.18 which represents that they are generally aware that conventional unit trust funds are invested in portfolios which are not comply with the Shariah principles Moreover, the respondents are also acknowledged that there are elements of riba (Interest) practiced in the conventional unit trusts and they investments managers are free to invest the fund into any counters that can generate high profits without having any Shariah screening process (mean = 4.15).

Table 3: Knowledge about Conventional Unit Trusts

No	Description	Level of Knowledge (%)					N	Mean
		1	2	3	4	5		
1	“Conventional Unit Trust Funds are a form of collective investment that allows investors with similar investment objectives to pool their funds to be invested in a portfolio of securities which are not Shariah compliant”.	0.0	0.0	2.7	79.1	18.2	110	4.155
2	“Conventional Unit Trust Funds are invested in portfolios which may include Cash, Bonds & Deposits, Shares, Properties, and Commodities which are not comply with the Shariah principles”.	0.0	0.0	3.6	74.5	21.8	110	4.182
3	“Conventional Unit Trust Funds are based on interest, which do not conform to the Islamic principles as prescribed by the Holy Qur’an and Al-Sunnah”.	0.0	0.0	4.5	75.5	20.0	110	4.155
4	“Conventional Unit Trust Funds investors have freedom of choice to invest in debt-bearing investments and profit bearing investment”.	0.0	0.0	6.4	71.8	21.8	110	4.155
5	“Conventional Unit Trust Funds showed better performance than Islamic funds during bullish economic conditions”	0.0	0.0	39.1	42.7	18.2	110	3.791
	Average Mean Value	4.087						

Note: 1=Strongly Disagree, 2=disagree, 3=Neutral, 4=Agree and 5=Strongly Agree

Result : Experience investing in Islamic Unit Trusts

Table 4 shows that the level of experience among EPF investors investing in Islamic unit trusts is good given the average mean value of overall statement is 4.02. In this context, based on their experience, the respondents are able to observe that investors who react negatively to such investment conditions are those that were not fully informed of the mechanics and risks of Islamic unit trust investment (mean=4.10). Moreover, the EPF investors in this study are also having experienced in waiting their fund to growth as unit trust is a medium to long term investment and they are even agree that there is not necessarily to keep the fund if it is not performing well (mean = 4.0). Based on the overall mean which is 4.08, it may concluded that the EPF investors understudy having enough experience dealing with their Islamic and conventional unit trusts.

Table 4: Experience investing in Islamic Unit Trusts

No	Description	Level of Experience (%)					N	Mean
		1	2	3	4	5		
1	I have good experience investing in Islamic Unit Trusts and it is a good decision because my money have grown.	0.0	0.0	26.4	55.5	18.2	110	3.918
2	Based on experience investing in Islamic Unit Trusts, it is a medium to long term investment(3 -5 years), so investors need to be patient, but this doesn't mean investor need to keep holding a fund that is not performing.	0.0	0.0	9.1	81.8	9.1	110	4.000
3	Based on my experience investing in Islamic Unit Trusts, investors who react negatively to such investment conditions are those that were not fully informed of the mechanics and risks of Islamic Unit Trust investment.	0.0	0.9	17.3	51.8	30.0	110	4.109
4	Based on my experience investing in Islamic Unit Trusts, I can avoid facing huge loss investing in Islamic Unit Trusts as I have practiced a dollar cost averaging method which I only invest a small amount of money into a fund regularly, and make investment when the price drop..	0.0	1.8	20.9	44.5	32.7	110	4.082
	Average Mean Value							4.0273

Note: 1=Strongly Disagree, 2=disagree, 3=Neutral, 4=Agree and 5=Strongly Agree

Result: Experience investing in Conventional Unit Trusts

Table 5 presents the experience investing in conventional unit trusts among the EPF investors in Malaysia. Given four (4) measurement items, overall mean value is 3.81 which means the respondents somewhat having experiences investing in conventional unit trusts. For instance, they have good experience investing in conventional unit trusts using dollar cost averaging which just invest small amount of money regularly and buy the fund when the price go down (mean=4.03). However, they are mostly less experiencing fund growth while investing into the conventional unit trusts (mean = 3.41) compared to the Islamic unit trusts. Overall, it might be summarized that the EPF investors have less experience investing in conventional unit trusts compared to the Islamic counterpart.

Table 5: Experience investing in Conventional Unit Trusts

No	Description	Level of Experience (%)					N	Mean
		1	2	3	4	5		
1	I have good experience investing in Conventional Unit Trusts and it is a good decision because my money have grown.	0.0	0.0	60.0	38.2	1.8	110	3.418
2	Based on experience investing in Conventional Unit Trusts, it is a medium to long term investment (3-5 years), so investors need to be patient, but this doesn't mean investor need to keep holding a fund that is not performing.	0.0	0.0	15.5	81.8	2.7	110	3.873
3	Based on my experience investing in Conventional Unit Trusts, investors who react negatively to such investment conditions are those that were not fully informed of the mechanics and risks of Islamic Unit Trust investment.	0.0	0.0	21.8	62.7	15.5	110	3.936
4	Based on my experience investing in Conventional Unit Trusts, I can avoid facing huge loss investing in Islamic Unit Trusts as I have practiced a dollar cost averaging method which I only invest a small amount of money into a fund regularly, and make investment when the price drop..	0.0	0.0	30.9	34.5	34.5	110	4.036
	Average Mean Value							3.816

Note: 1=Strongly Disagree, 2=disagree, 3=Neutral, 4=Agree and 5=Strongly Agree

Result: Investors' behavior investing in Islamic Unit Trusts

EPF investors' behavior is gauged via asking them four (4) related measurement items which depict their tendency to rely on various sources to make investment decision which including unit trust agent, mass media, friend / relatives, and follow other investors' behavior. Based on descriptive analysis, average mean value for all statement is 4.08 (Table 6) which indicates that majority of the respondent would have relied on these various sources of information (unit trust agent, mass media, friend/relatives, and follow other investors' behavior) to make Islamic unit trust investment decision. In details, they are mostly relied on the actions by other investors in order to make a decision related to their Islamic unit trust fund (mean = 4.17). In addition, they are also depend on advice given by their friends and relatives who used to invest into Islamic unit trusts fund previously (mean = 4.01). Thus, it is clearly indicate that EPF investors in Malaysia have relied on many sources of information to make decision investing into the Islamic unit trusts which including the agents, mass media, friends, relatives as well as actions by other investors.

Table 6: Investors' behavior investing in Islamic Unit Trusts

No	Description	Level of Behavior (%)					N	Mean
		1	2	3	4	5		
1	"I rely mostly on Islamic Unit Trust agent to proceed my investment".	0.0	0.0	20.9	55.5	23.6	110	
2	"I used to follow the information about investment from mass media for my EPF investment at Islamic unit Trusts".	0.0	0.0	10.0	67.3	22.7	110	4.127
3	"I always depend on advice given by my friends & relatives who used to invest into Islamic Unit trusts fund previously".	0.0	0.0	21.8	54.5	23.6	110	4.018
4	"Usually, I observe the actions by other investors in order to make decision related to my Islamic unit trust fund".	0.0	2.7	14.5	45.5	37.3	110	4.173
	Average Mean Value							4.086

Note: 1=Strongly Disagree, 2=disagree, 3=Neutral, 4=Agree and 5=Strongly Agree

Result: Investors' behavior investing in Conventional Unit Trusts

As presented in Table 7 below, EPF investors behavior towards the conventional unit trust is observed via four (4) and using similar analysis done in the previous part, the average mean value is 3.67 which indicates that majority of the respondents do not relied on various sources to make decision to invest into the conventional unit trust as compared to the Islamic unit trust.. Meanwhile the highest mean value for the individual

item is 3.95 which indicates that majority of the EPF investors understudy usually observe the actions by other investors to make decision related the conventional unit trust fund. It is followed by mass media as other source of information relied by the investors to invest into this type of investment (mean value = 3.75). However, the lowest mean value (3.48) which means that they do not rely mostly on conventional unit trust agent to proceed for their investment. This is proven via a study by Nathie (2009) that the EPF investors in Malaysia are less satisfied with the service of the conventional unit trust fund's agent compared to the Islamic unit trusts. According to the results, it can be concluded that to invest into the conventional unit trust, the EPF investors only relied on behavior or decision of other investors and also mass media rather than follow advices from unit trust agents, friends, and relatives.

Table 7: Investors' behavior investing in Conventional Unit Trusts

No	Description	Level of Behavior (%)					N	Mean
		1	2	3	4	5		
1	"I rely mostly on conventional unit trust agent to proceed my investment".	1.8	20.0	20.9	42.7	14.5	110	3.482
2	"I used to follow the information about investment from mass media for my EPF investment at conventional unit Trusts".	0.9	7.3	19.1	61.8	10.9	110	3.746
3	"I always depend on advice given by my friends & relatives who used to invest into conventional Unit trusts fund previously".	1.8	15.5	29.1	37.3	16.4	110	3.509
4	"Usually, I observe the actions by other investors in order to make decision related to my conventional unit trust fund".	0.9	10.9	16.4	35.5	36.4	110	3.955
Average Mean Value								3.673

Note: 1=Strongly Disagree, 2=disagree, 3=Neutral, 4=Agree and 5=Strongly Agree

5. DISCUSSION AND CONCLUSION

This research provides some valuable insights in identifying EPF investors' knowledge, experiences, and behavior towards investing in Islamic and conventional unit trusts in Malaysia.

Results of the descriptive analysis (frequency and mean) on knowledge of EPF investors show that they have enough knowledge on both Islamic and conventional unit trusts. The average mean value of knowledge about Islamic unit trusts is 4.00 and knowledge about conventional unit trusts is 4.08. They mainly have knowledge that the Islamic unit trust must comply with the Shariah and have specific screening test to ensure its compliancy

whereby it is contradict with the conventional unit trust where freedom is given to the investment manager to invest to any types of investment for profit maximization. In addition, all respondent are aware that interest or *riba* is not allowed in the Islamic unit trusts. These values are in between agree and strongly agree which means EPF investors know all the basic information about Islamic and conventional unit trusts that they were asked through the questionnaire. Thus, it can be said that EPF investors in Malaysia are really concerned about Islamic and conventional unit trusts. Similar with the previous study done by Nga, Yong and Sellappan (2010) and Jonubi and Abad (2013), knowledge, financial literacy, and financial product consciousness are found important to influence people to make financial decision. Therefore, this research recommends that it is significant to increase financial knowledge among the public towards future financial preparation as well as to increase their standard of living. Without having enough financial knowledge, right financial decision (saving, financing, investment) would be hard to make.

Accordingly, with regards to the experience among the EPF investors, it is found that majority of the EPF investors understudy have good experience investing in Islamic unit trusts rather than the conventional type. In this case, it is revealed that majority of the EPF investors understudy have invested their EPF savings more in Islamic unit trusts as might be because of sample bias (more than half (64%) of the respondents are Muslims). The average mean value of experience investing in Islamic unit trusts is 4.02 while 3.81 is the average mean value of experience investing in conventional unit trusts in Malaysia.

Finally, descriptive analysis is done to gauge the investors' behavior investing into both Islamic and conventional unit trusts. In this context, this research found that majority of the EPF investors understudy have relied on many sources of information to make decision to invest into the Islamic unit trusts which including the agents, mass media, friends, relatives as well as actions by other investors (mean = 4.08). In addition, the average mean value of the investors' behavior investing in conventional unit trusts is 3.67 which notes that the EPF investors understudy only relied on review by other investors and also mass media rather than follow advices from unit trust agents, friends, and relatives to make decision related to the conventional type of unit trust. In a nutshell, it is noticed that there are limited studies to investigate the investors' behavior via survey approach investing and making comparison for both Islamic and conventional unit trusts in Malaysia. However, some previous researches have conducted their study focusing on the demographic factors of the investors such as gender, age, level of education, and income level that may influence the investors' behavior in the financial services (Perry, 2008; Phau and Woo, 2008; Worthington, 2006; Dellande and Saporoschenko, 2004; Chen and Volpe, 2002).

Conclusion, Limitation, and Suggestion for Future Research

In general, all research objectives were accomplished through quantitative methodology. Survey results indicate that the EPF investors in Malaysia have proper knowledge on the Islamic and conventional unit trust that they involved in. However, as given very minimal number of statements to measure the knowledge of the investors, it is hard to conclude that the investors understudy have really good understanding on unit trust which this limitation invites other researchers to construct additional measurement items which extensively could measure the theory and practical knowledge of both the Islamic and conventional unit trusts.

Accordingly, the EPF investors understudy is observed to have more experience in the Islamic unit trust than the conventional type given that majority of them are Muslims. In this sense, future researchers may consider choosing stratified sampling as to ensure the number of respondents are equally divided among religion or races to avoid sample bias. It is because it involve two types of unit trust that basically a religion-based investment products even though it is offered to Muslim and non-Muslim investors.

Finally, with regards to the investors' behavior, it is believed that all sources of information is required to make any financial decision including the unit trusts. As given that most of the investors understudy have experiences in the Islamic unit trust, it thus give high weightage to consider their decision to make investment decision which relied on various sources such as unit trust agent, mass media, friends, relatives, and also other investors' behavior at particular time. Future research may also add other related variables to measure behavior of investors such as types of investor (risk tolerance, risk averse), demographic, personal control, and others.

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