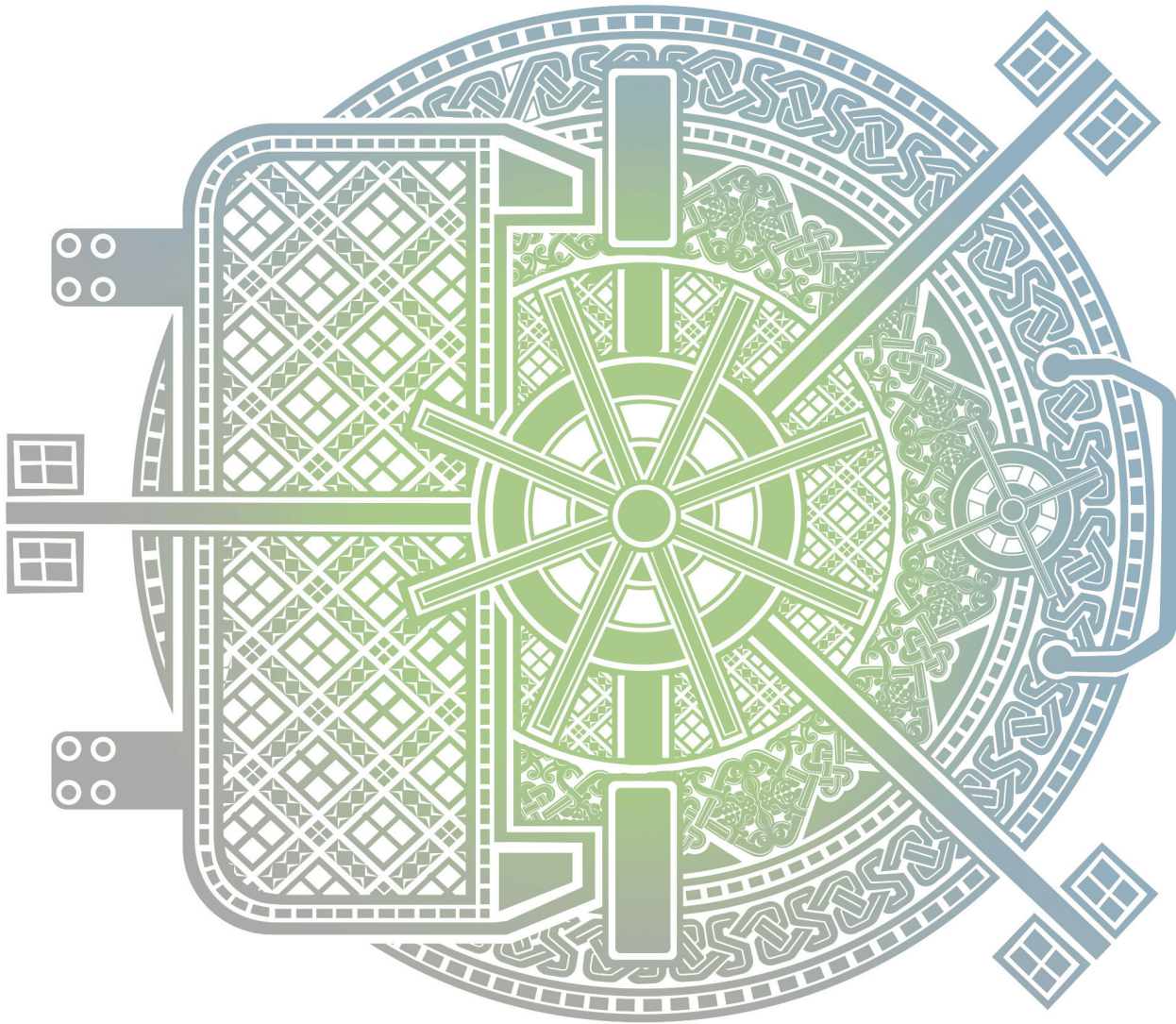


ISLAMIC FINANCE & FINANCIAL INCLUSION SURVEY REPORT



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for her valuable support,

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Founder's Remark



Ms. Fathimath Shafeega
President
MCDGI

The issue of financial literacy presents challenges for both developed and developing economies. Financial literacy empowers people to invest wisely and build wealth over time. With new technologies and financial instruments emerging constantly, it becomes ever more important that individuals harness financial literacy and gain personal financial management skills to make the right financial choices, achieve financial stability and security and protect their financial well-being.

The 2008 financial crisis brought renewed attention to Islamic finance (IF). The Islamic financial industry has been flooded with various types of financial instruments and assets for both Muslim

and non-Muslim investors to choose from. Hence, a deep understanding of the features and differences between these instruments and assets is pertinent in order for investors to prudently manage their portfolio.

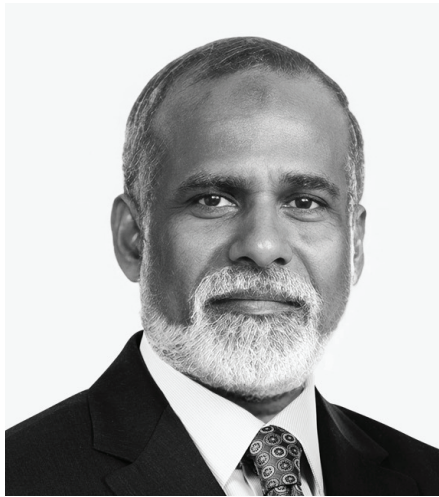
Conducting this national study in an Islamic community such as the Maldives is most opportune, and this study will be of great benefit in highlighting the importance of Islamic financial planning, products related to Islamic financial literacy and inclusion and identifying information gaps. Improving Islamic financial literacy across all segments of society requires a systematic, sustained and coordinated approach that focuses on engendering long-term behavioural change.

I believe that increased adoption and application of Islamic finance principles amongst Muslims could potentially address and lead to favourable outcomes in mitigating the rising incidence of bankruptcy cases and poor personal financial reports.

This survey report serves as the first instalment of our ongoing research endeavours, and we intend to release more volumes in the future.

I would like to thank the staff of MCDGI Research team, participants of the survey, sponsors and supporters for their valuable contribution to complete this survey report.

Foreword



Ibrahim Zakariyya Moosa, PhD.
Vice chancellor of Islamic University
of Maldives.

I am honored to write this foreword for the Islamic Finance Literacy and Financial Inclusion Survey Report carried out and compiled by the Maldives Capacity Development and Governance Institute (MCDGI). On the same note, I am truly indebted MCDGI for awarding IUM the economic right of publication and distribution of this survey report.

I am also very glad to mention that the Islamic university of Maldives (IUM) is actively engaged in Islamic finance

education in the Maldives since 2012 while the institute was functioning under the name of the college of Islamic Studies. Since then, we have prioritized Islamic Banking and finance education aiming at establishing the highest learning seat of Islamic finance education in IUM.

As the global economy continues to evolve, the importance of financial literacy and inclusion has become more crucial than ever. This report sheds light on the state of Islamic finance literacy and financial inclusion and banking activities providing valuable insights on the perception of Banking Services in general and, particularly, the perception of Islamic Banking in the Maldives that can inform policymakers, financial institutions, and other stakeholders in their efforts to promote financial inclusion and literacy. Financial literacy, also, empowers individuals with the knowledge and skills they need to make informed financial decisions, while financial inclusion ensures that everyone, regardless of their social or economic status, has access to financial services and products.

This report is a valuable research study and an important contribution to our understanding of the state of Islamic finance literacy and financial inclusion in the Maldives. It highlights the challenges and opportunities that lie ahead,

and provides valuable insights that can guide policymakers, financial institutions, and other stakeholders in their efforts to promote financial inclusion and literacy in Maldives.

I would like to commend the authors of this report for their hard work and dedication in producing this valuable resource. My heartfelt thanks to the Maldives Capacity Development and Governance Institute (MCDGI) for conducting such a highly valuable research study to assess the level of financial literacy in the Maldives. It is, indeed, a timely needed endeavor that will provide academic insights for further study and is highly useful for the practitioners, policymakers, and Islamic financial institutions. I hope that this report will serve as a catalyst for greater awareness, discussion, and action on the important issue of financial inclusion and literacy in the Islamic finance industry in the Maldives.

The information and insights garnered from this study will contribute to forging a path to achieve greater financial inclusion, which is an important driver that can bridge inequality and help economies achieve inclusive growth. The Islamic financial Literacy and Financial Inclusion survey results demonstrate the existing level of financial inclusion and penetration of Islamic finance services, as well as the challenges that need to be addressed to improve the Islamic finance literacy of Maldivians. Congratulations to MCDGI for completing this research study, which is accessible on our website.

May Allah bless us all with knowledge, wisdom, and success in our efforts to promote financial inclusion and literacy.

Executive Summary

Financial Literacy

Financial literacy is now globally recognized as an essential life skill. In a typical Muslim community like the Maldives, many people are already consumers of IF services, from bank accounts to prepaid debit cards. Face financial decisions. IF education is acknowledged as a complement to financial consumer protection, inclusion and regulation, as a way to improve individual decision making and well-being, and to support financial stability and inclusive growth. As such, people are required to know and understand more than just financial information. They are required to understand whether the instrument they are using in an IF institution is following Islamic law. Hence, generating an in-depth understanding of the extent of IF literacy among the people of Maldives warrants investigation.

Contents:

The report is composed of 5 main parts that assess IF literacy and financial inclusion in the Maldives. It begins with IF literacy: what it is and why it matters (Part 1); explains the survey methodology that was adopted to collect data from the general public of the Maldives, covering the main atolls and islands (Part 2); analyzes the data collected and discusses the results obtained in the light of three sections, i.e., demographic information, financial inclusion, and Islamic Banking and Finance (Part 3); summarizes the key findings and recommends strategies that could be implemented to enhance financial literacy among the public (Part 4); and ends with concluding remarks (Part 5).

Objective & Methodology:

The main purpose of this national report is to explore the perceptions and attitudes of the Maldivian people toward IF literacy in order to enhance their awareness and knowledge and sustainably achieve financial inclusion objectives. Drawing on a quantitative approach through a self-administered survey distributed across the main 24 atolls in the Maldives, a total of 1,562 valid responses were received and used for further analysis extracting meaningful conclusions.

Main Findings:

The study shows that the sample, in general, is well diversified in terms of age, gender, education, fields of specialization, employment, and ownership. The results indicate that the majority of the participants have their own bank account and ATM card, as well as they frequently use internet banking services. The respondents were generally agreed that banking is an integral part of their lives so that everyone must be educated about banking. They also believe that Islamic Banking is unique and different compared to conventional banking. Unexpectedly, most

of the respondents have never been clients of an Islamic Bank, although many of them view that Islamic Banks provide enough products and services. Meanwhile, people think that the investment of Islamic Banks in permissible products and services is beneficial for the welfare of society. The respondents know that conventional financial institutions are involved with interest. However, there is a notable lack of knowledge among people about Islamic Banks services in the Maldives, such as Sukuk, general and family Takaful undertakings, Shariah compliant-stock market, and purchases based on IF structures.

Recommendations:

The study recommends the government, financial policymakers and regulatory bodies in the Maldives increase the general level of financial literacy, and IF literacy in particular, by targeting segments that showed a low level of IF literacy. People need to be aware not only of Islamic Banking services but also aware of the different concepts used in Islamic Banking. Thus, it will not ensure the adherence of people to IF products unless they are in line with their understanding of Shariah and their operational expectations.

Islamic Finance Literacy: What it is and Why it Matters?

Introduction

Financial literacy and education are increasingly important, and not just for investors. It is becoming essential for the average family trying to decide how to balance its budget, buy a home, fund the children's education and ensure an income when the parents retire (OECD, 2006).

Naturally, people have always been responsible for managing their own finances on a day-to-day basis – spend on a holiday or save for new furniture; how much to put aside for a child's education or to set them up in life – but recent developments have made financial education and awareness increasingly important for financial well-being.

Individuals will not be able to choose the right savings or investments for themselves, and may be at risk of fraud, if they are not financially literate. But if individuals do become financially educated, they will be more likely to save and to challenge financial service providers to develop products that truly respond to their needs, and that should have positive effects on both investment levels and economic growth.

For instance, the 2007-2008 global financial crisis characterized in part by mounting losses for individuals, has generated interest in better understanding how to promote savvier saving and borrowing behavior. The ability of individuals to make informed financial decisions is critical to developing

sound personal finance, which can contribute to a more efficient allocation of financial resources and to greater financial stability at both the micro and macro levels (Lusardi & Tufano, 2009). In the Islamic setting, attempts to improve Islamic financial literacy can also be an important component of efforts to increase saving rates and lending to the poorest and most vulnerable consumers.

Islamic financial knowledge is especially important in times where increasingly complex financial products are easily available to a wide range of the population. For example, with governments in many countries pushing to boost access to financial services, the number of people with bank accounts and access to credit products is rising rapidly (OECD, 2006). With the rapid advent of information technology and the growth of Islamic banking and finance, customers have the option of either choosing the conventional financial system or the Islamic financial system. However, customers need to be well informed and educated on the innovations in the Islamic financial markets because well-informed individuals can make better decisions, and this will positively affect their investment and growth, and the IF industry at large.

It is expected to rebound and grow at a 5-year Compound Annual Growth Rate (CAGR) of 5% from 2019 onwards to reach \$3.69 Trillion by 2024 (Thomson Reuters, 2020). There is a growing demand among citizens for Shariah-compliant financial ser-

vices in the Maldives. However, generating an in-depth understanding of the extent of Islamic Financial literacy among the people of Maldives warrants investigation. Therefore, understanding the urging need of the country, the Maldives Capacity Development and Governance Institute (MCDGI) has taken steps to conduct a nationwide survey throughout the main atolls and islands in the Maldives. The survey report enables the stakeholders to take measures in the future to improve IF literacy and financial inclusion in the country.

Background

Generally, in most developing financial markets there is a lack and asymmetric information between the suppliers of financial products and services and those who demand them which leaves consumers in a disadvantaged position in financial contracts.

Lack of financial knowledge leads to a high level of uncertainty which may eventually cause a major problem in the financial system such as adverse selection and moral hazard. In addition, information asymmetry can be evident if the level of literacy in the financial market is low. Some experts have suggested that the low financial literacy of consumers leads to a loss of confidence and trust in the financial markets and those who provide financial services (Albaity & Raman, 2019).

This loss of confidence, in return, might lead to an adverse reaction if a sign of turmoil appears. This was evident during the 2007-2008 global financial crisis. Scholars have suggested that the 2007-2008 global financial crisis was instigated partially because of low levels of financial literacy (Lusardi & Mitchell, 2014). Furthermore, it has been suggested that low financial literacy was positively linked to debt problems which in turn led to higher costs and high loan defaults.

From an Islamic point of view, Muslims are required to know and understand more than just financial information. They are required to understand whether the instrument they are using in an Islamic financial institution is following Islamic law. Therefore, financial literacy from an Islamic point of view is as important as, if not more important than, in the conventional system. This is shown by the fact that financial products and services must be according to Islamic law, as Islam does not condone being in debt if it is obtained from prohibited sources of financing. Therefore, it is the religious duty of Muslims to have financial literacy about the instruments provided by the Islamic financial institution.

Islamic financial literacy (IFL) is defined as the extent to which an individual possesses the knowledge, skills and attitudes to understand the financial information in managing financial resources according to the Islamic teachings. Thus, this national report is timely as it suggests that there is a need for the customers of Islamic Banks to understand the prohibition and the legality of financial instruments.

Survey Methodology

Objective:

The survey's main objective is to identify the Islamic Finance Literacy among the Maldivians to enhance awareness and knowledge. Furthermore, the IF Literacy Survey Report highlights the various aspects and provides key recommendations for the industry's stakeholders.

total population is 547, 525 approx. (Anon., 2021) Determination of sample size is crucial in order to get the desired level of statistical power in terms of the research population and adequate size. Various formulas are available to calculate the sample size, but the author has chosen the most recognized Anderson Table (Anderson et al., 2017) to identify the required number of research responses. Simple random sampling was used in this research as an appropriate sampling technique.

Sampling

The targeted research population was the general public of the Maldives, covering the main atolls and islands. The Maldives'

The author has chosen the positivism approach based on the research paradigm and ensured a highly structured data collection method. The research paradigm

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is based on ontology and epistemology. Ontology is concerned with the nature of reality, but epistemology examines reality as what constitutes the perceived knowledge (Saunders et al., 2009).

Method

The author undertook primary data collection procedures for the research. For the primary data collection, a well-articulated questionnaire consists of the information sheet, consent form, general personal information, financial inclusion and banking activities and IF literacy-related questions adapted for collecting necessary data. The questionnaire was used mainly to measure two constructs by thirty sub-factors incorporated into the research methodology.

This research was carried out as a quantitative research approach by the structured questionnaire to obtain the required information from the targeted respondents. To develop this questionnaire, the researchers of MCDGI reviewed the maximum possible number of past research studies to identify the common attributes concerning financial literacy and Islamic Finance, thereby developing the model.

As discussed above, the questionnaire survey method required many research participants; hence, the MCDGI utilized its professional network to collect the data. Further, the survey questionnaire was shared and managed by the survey field officers via email and made publicly accessible via Google Form.

The questionnaire is attached as an appendix item. Refer to Appendix 1.

Refer to the link below for the questionnaire that was hosted for data collection: <https://docs.google.com/forms> The survey questionnaire was hosted using the Google Form to collect the data. 1600 questionnaire responses were collected and deemed usable for further analysis. As per the planned time frame of the research, the questionnaires were circulated. Given the time restriction to collect the data, the minimum required number of responses for the survey was surpassed. Along with the information sheet, consent undertaking, demographics, the questionnaire contains all variables related instruments measured using a five-point Likert type scale, where 'Strongly Disagree' was given one and 'Strongly Agree' was given five.

Results & Discussion

The results analysis consists of three main sections, namely, demographic information, financial inclusion, and Islamic Banking and Finance.

Demographic information

The national survey was distributed to all the Atolls of the Maldives. A total of 1,600 usable responses were collected from Maldivian citizens during the specified period, while two responses were discarded due to incomplete data. As presented in Table 1, 51% of the respondents were male, 42.3% were female and 6.7% gave no responses. Two-thirds (64%) of the participants were aged between 18 and 35 years old,

followed by participants aged 36–55 (26%). Most of the respondents were married (61%) with 28% single and 5% other status (such as divorcees and widowers). On the education level, 31% of the respondents had secondary school (or O’level), followed by 18% reach to primary level, and 12% with diploma / professional level 5. While respondents with bachelor’s degree / bachelors (Hons) degree / professional level 7 represent 9%, 8% of them with higher-secondary / A-level, and 6% hold master’s degree / professional level 9 (see Table 1).

	Category	Frequency	Percent
Age	18 - 35-year-old	1014	64.9
	36 - 55-year-old	398	25.5
	Older than 55 years	46	2.9
Gender	Male	797	51.0
	Female	661	42.3
	No response	104	6.7
Marital Status	Single	430	104
	Married	104	104
	Others (Divorced & Widowed)	104	104
Education level	Primary Level	281	18.0
	Secondary / O’Level	486	31.1
	Higher-Secondary / A-Level	134	8.6
	Foundation / Certificate 4	94	6.0
	Diploma / Professional Level 5	188	12.0
	Associate Degree / Professional Level 6	48	3.1
	Bachelor’s Degree / Bachelors (Hons) Degree / Professional Level 7	139	8.9
	Post-Graduate Certificate / Post-Graduate Diploma / Professional Level 8	27	1.7
	Master’s degree / Professional Level 9	93	6.0

Table 1 -Demographic information

The type of specialization field was also involved in the survey. As illustrated in Figure 1, a total of 19% of the respondents belonged to the business sector (business administration & management, business stream, and related financial activities). The sample also shows that the participants from the teaching and education field account for 12%, followed by respondents from tourism and hospitality with 7%, agriculture and linguistics (6% for each), literature, science

stream, and human resources (5% for each one). Fields of medicine, sports, other than the mentioned categories (e.g., biology & bioengineering, international curriculum, geology, animation & graphics, history, journalism & media, music & performance, mathematics, fashion & design, and psychology), and fisheries science account for 4% for each one.

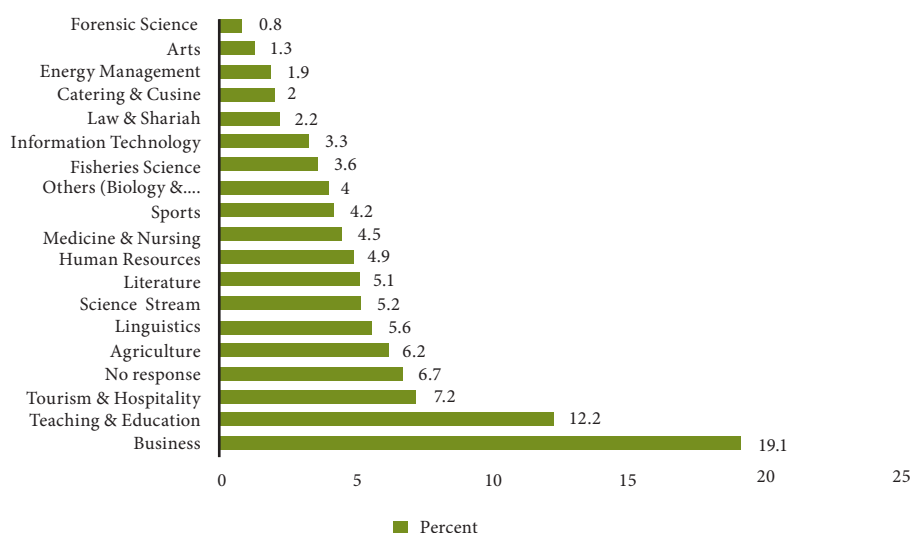


Figure 1- Field of Specialization

As shown in Table 2, the sample of Maldivian citizens also indicates that most of the respondents are working at present (65%), leaving 30% are out of work. As for the type of employment, the study found that employees and civil servants account for 31% and 25% of the total sample, respectively, followed by 25% for not employed, self-made or freelance (9%), entrepreneurs (3%) and elected officials (1%).

Type of management was also included in the survey as reported in Table 2. The

results show that government and politically appointed management represent the highest type of management among the respondents with 24%. This is followed by founders' management, hired professional management, family management (6%, 5%, 4%, respectively). In terms of businesses ownership type, 28% of the participant had government (state-owned) businesses, while private limited companies account for 11%. Other ownership types, sole proprietorships (3%), family-owned (2%), public limited companies (2%), partnerships (1%), and foreign investments (1%).

The results of industry of business activity show that 12% of the respondents are conducting education and training activities (see Table 2), followed by tourism (10%), retail and wholesale traders (4%),

transportation (4%), other than the mentioned categories (e.g., logistics, carpentry, software development, arts & craft, boat building, and fashion & design) with 3%, and fisheries (2%).

Age	Category	Frequency	Percent
Are you working?	Yes	1018	65.2
	No	461	29.5
Type of employment	Employee	484	31.0
	Not Employed	392	25.1
	Civil Servant	391	25.0
	Self-made / Freelance	141	9.0
	Entrepreneur	41	2.6
	Elected Official	18	1.2
	Volunteer	9	0.6
Type of management	Government / Political Appointed Management	368	23.6
	Founders Management	100	6.4
	Hired Professional Management	75	4.8
	Family Management	58	3.7
	Start-up Management	7	0.4
Ownership	Government / State-Owned	444	28.4
	Private Limited Company	164	10.5
	Sole proprietorship	40	2.6
	Family Owned	37	2.4
	Public Limited Company (listed on the Stock Exchange)	25	1.6
	Partnership	19	1.2
	Foreign Investment	17	1.1

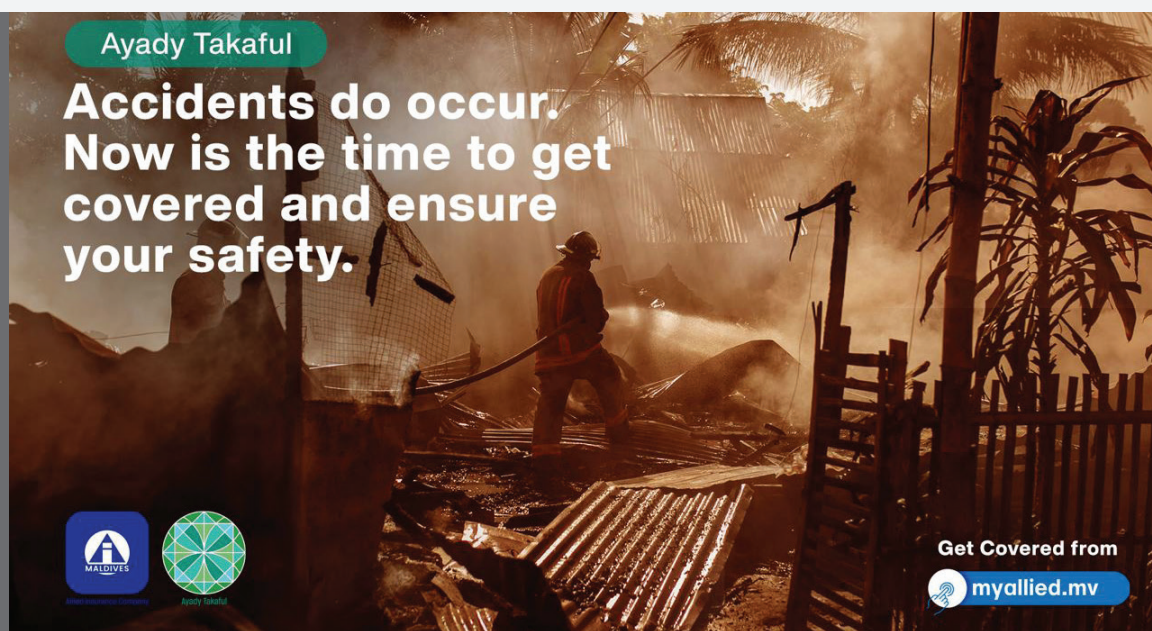
Table 2 - Background characteristics of respondents

Age	Category	Frequency	Percent
Industry of business activity	Education and training	200	12.8
	Tourism	154	9.9
	Trader (Retail / Wholesale)	60	3.8
	Transportation	56	3.6
	Fisheries	33	2.1
	Construction, Engineering & Real Estate	27	1.7
	Banking, Financial & Insurance Service	27	1.7
	Agriculture	14	0.9
	Others (Logistics, carpentry, Software Development, Arts & Craft, Boat Building, and Fashion & Design)	50	3.3

Table 2 - Background characteristics of respondents

Generally, it seems that the sample of this national survey is well diversified in terms of age, gender, education, fields of specialization, employment, and ownership. This implies that the participants in this study had at least the basic education level and knowledge to respond to this survey.

They could also understand the importance of: (1) Identifying the status quo of IF and financial inclusion in the Maldives, and (2) Contributing to the focus on enhancing IF literacy and financial inclusion in the country.



Financial Inclusion & Banking Activities

General Financial Information

The national survey explores the banking activities of Maldivian citizens and financial inclusion in its second part. Initially, it is of utmost importance to know the proportion of the respondents who have ever opened or operated a bank account under his/her name. As displayed in Figure 2, the results of the analysis indicate that the majority of the participants have their own bank account (94%), while only 6% are without.

Have ever opened or operated a bank account under your name?

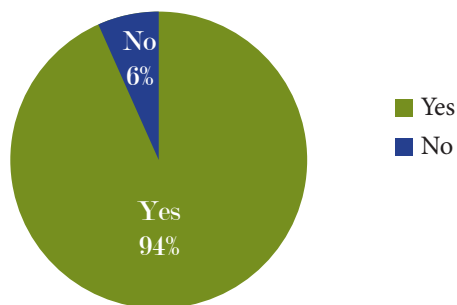


Figure 2 - Proportion of bank account holders

The respondents were also asked about the length of their relationship with banks and how frequently they visit the bank within a week. The results reported in Table 3 demonstrate that 32% of Maldivian bank customers have used bank accounts for five (5) to ten (10) years, while 29% and 20% are customers for more than 10 years and two to five years, respectively. Meanwhile, the results show that most of the respondents (68%) rarely visited their banks. Furthermore, the majority of the respondents (92%) have ATM cards, as shown in Figure 3.

	Category	Frequency	Percent
How long has it been since you opened and used the account?	Less than one year	98	6.3
	2-5 years	308	19.7
	5-10 years	502	32.1
	More than 10 years	457	29.3
How frequently do you visit the bank in a week?	More than 2 times	52	3.3
	Twice a week	27	1.7
	Once a week	53	3.4
	Rarely, NOT weekly	1064	68.1
		366	23.4

Table 3 - General financial information

Do you have an ATM card?

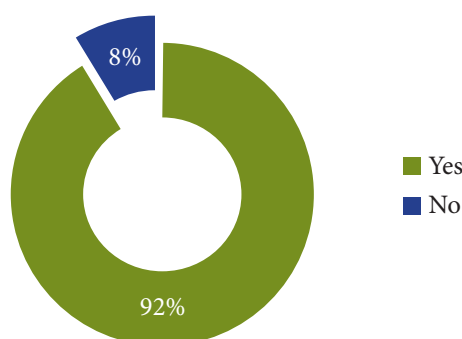


Figure 3 - ATM holders

Another important aspect that was contained in the survey is the bank services that Maldivian bank customers frequently used. The findings in Table 4 indicate that two-thirds (65%) of the respondents use internet banking regularly, followed by 20% of bank customers who use ATM cards frequently. On the other hand, only a few customers prefer to visit banks and point-of-sale (3% and 2%, respectively). Within the digital bank services, 77% of the respondents responded that they use internet banking for online payments and transactions, while 9% do not. For those who answered No, some of the reasons for not using the internet banking includes the convenience of carrying cash, the lack of a bank branch nearby, high bank charges and losses.

	Category	Frequency	Percent
When utilizing the services of the bank, what medium/method do you most frequently use?	Internet Banking	1010	64.7
	ATM	313	20.0
	Visiting the Bank	51	3.3
	Point-of-Sale (POS)	26	1.7
	Mobile Wallet	10	0.6
	Dhoani Banking	7	0.4
	Agent Banking	4	0.3
Do you use internet banking for online payments/transactions?	Yes	1202	77.0
	No	134	8.6
	Maybe/Partially	60	3.8
If the previous answer is 'no', what is the reason?	NA/ Answered Yes	1365	87.4
	Carrying cash in hand is easier	84	5.4
	No bank branch is closely	56	3.6
	Tax related issue	36	2.3
	High Bank Charges	11	0.7
	The related Demerit/Loss is big	10	0.6
Have you ever participated in a banking or financial service-related training/course/seminar/workshop?	Yes	211	13.5
	No	1340	85.8
Would you ever spend money to participate in a banking or financial service-related training/course/seminar /workshop?	Yes	468	30
	No	1094	70

Table 4 - Financial background of respondents

The national survey also examined whether the respondents have ever participated in banking or financial service-related training, course, seminar, or workshop. Their responses, as displayed in Table 4, show that the majority (86%) have never participated in such activities, while only 14% did. Meanwhile, 70% of the participants would not spend money to participate in banking or financial service-related activities (training, course, seminar, and workshop).

Perception of Banking Services

It is crucial the survey consists of factors to explore the citizens' perceptions of banking services in the Maldives. The respondents were asked to indicate the extent of their agreement or disagreement with the statements regarding banks and their services offered. This can be translated into questions in the form of a five-point Likert scale anchored between 1= strongly disagree, and 5 = strongly agree, as presented in Table 5, to measure the Maldivians' perception of banking services.

The results obtained show that the participants strongly believe that banking is an integral part of their lives, as there is explicit agreement (96%) among the respondents on this statement. Furthermore, a substantial majority (89%) of the respondents perceive that, without banking, it is very difficult for them to carry out financial matters. In the same vein, about 92% of citizens believe that everyone must be educated about banking and financial related information.

Do you agree that ...	Number of responses (%)					Mean
	SD	D	N	A	SA	
Banking is an integral part of our lives?	9 (0.6%)	17 (1.1%)	36 (2.3%)	532 (34%)	968 (62%)	4.6
Without banking, difficult to carry out financial matters?	7 (0.4%)	61 (3.9%)	104 (6.7%)	589 (37.7%)	801 (51.3%)	4.3
Everyone must be educated about banking?	6 (0.4%)	37 (2.4%)	87 (5.6%)	661 (42.3%)	771 (49.4%)	4.4
Banks are acting like financial intermediaries?	9 (0.6%)	49 (3.1%)	196 (12.5%)	768 (49.2%)	540 (34.6%)	4.1
There are enough banks and financial institutions in the country?	53 (3.4%)	354 (22.7%)	214 (13.7%)	595 (38.1%)	346 (22.2%)	3.5
Banking is much more secure than dealing in cash?	14 (0.9%)	109 (7%)	86 (5.5%)	550 (35.2%)	803 (51.4%)	4.3

Table 5 - Perceptions of banking services

Note: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, and SA = Strongly Agree

*The mean values, which is the average of SD and SA, of the most questions indicate a positive impression given by the respondents.

In response to the statement (Table 5), banks are acting as financial intermediaries, there is a noticeable agreement among the respondents in which 84% think that banks need to act as financial intermediaries. The descriptive analysis results also show that 60% of the participants opine that there is a sufficient number of banks and financial institutions in the country. Meanwhile, 87% of citizens believe that banking is much more secure than dealing in cash.

Regarding the extent to which customers deal with banking services offered by a bank or financial institution, Figure 4 displays that 86% of the respondents have used banking services of savings account, fixed deposit, and current account, followed by credit cards andor debit cards (85%), payment of bills and standing order instructions (39%), vehicle loan, home loan, apartment loan, and marine vessel loan (32%), education loan, travel loan, emergency cash advance (25%), and business – working capital loan (23%).

Have you ever used any of these services offered by a bank or financial institution?

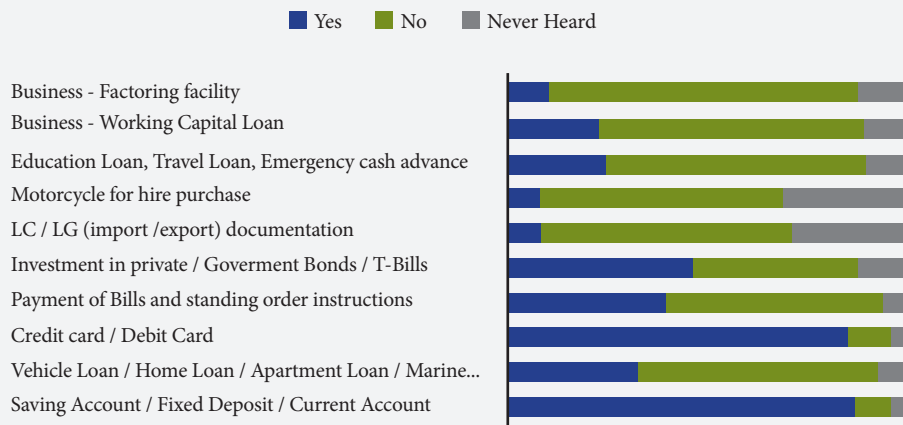


Figure 4 - The extent to which customers deal with banking services

Islamic Finance Literacy

Islamic Banking: an overview

Islamic financial literacy is defined as the extent to which an individual possesses the knowledge and skills to understand the information in Islamic financial contracts. From an Islamic point of view, Muslims are required to know and understand more than just financial information. They are required to understand whether the instrument they are using in an Islamic financial institution is following Islamic law. Therefore, financial literacy from an Islamic point of view is as important as, if not more important than, in the conventional system.

Do you believe Islamic banking and conventional banking are two different things?

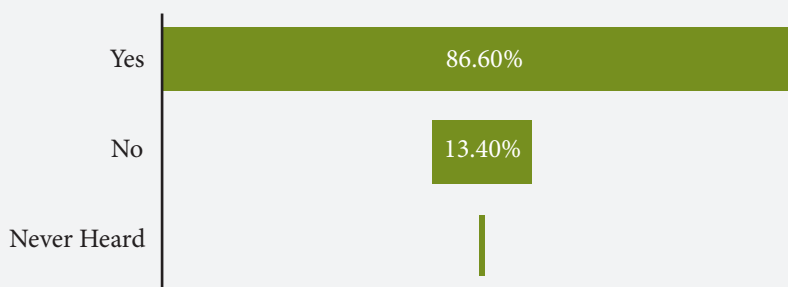


Figure 5 - Difference between Islamic and conventional banking

From the foregoing, it is essential to examine perceptions of Maldivian citizens on whether there is a difference between Islamic banking and conventional banking. The results obtained from the national survey show that a substantial majority (87%) of the respondents believe that Islamic banking is completely different from conventional banking (see Figure 5).

In this regard, the citizens were also asked whether they have ever been customers of an Islamic bank (Table 6). Unexpectedly, more than half (66%) of the respondents were not clients of an Islamic bank, while 33% were clients. Furthermore, the study sought to explore the reasons that motivate people to deposit their money in Islamic banks. As presented in Table 6, the outcomes indicate that the main motivation of citizens to deposit their money in an Islamic bank is religious beliefs, accounting for 47%. Religious and profitability is another motivation influencing 27% of citizens to decide to deposit their money in Islamic banks. About 7% of the participants believe that deposits in Islamic banks are more secure, while 17% have no idea.

Age	Category	Frequency	Percent
Have you ever been a customer of an Islamic bank?	Yes	200	12.8
	No	154	9.9
Reasons which motivate people to deposit their money at an Islamic bank.	Religious belief	60	3.8
	Religious & Profitability reasons	56	3.6
	Do not know	33	2.1
	Deposits are more secure	27	1.7
	Profitability	27	1.7
Do you agree that the customers at Islamic Banks are aware of the Sharia-based and Sharia-Compliant products provided by the Banks?	Yes	14	0.9
	No	50	3.3

Table 6 - Islamic financial background of the respondents

Investigating awareness levels of customers about the Islamic banks and Sharia-compliant services and products cannot be overlooked in this national study. Most of the respondents (61%) perceive that customer of Islamic banks is aware of Sharia-compliant products and services provided by these banks; however, 39% think they are not (Table 6).

Perception of Islamic Banking

Islamic banking is a system of banking or banking activity that is consistent with the principles of Shariah (Islamic rulings) and its practical application through the development of Islamic economics. In this national study, it is important to provide an in-depth understanding of how citizens perceive the banking services of Maldivian Islamic banks. The respondents were asked to indicate the extent of their agreement or disagreement with the statements regarding Islamic banks

and their services offered (Table 7).

In response to the questions, Islamic banks provide enough products and services and operate efficiently, there was a noticeable agreement, account for 67% and 71% of total responses, among the respondents on the efficiency and sufficiency of Islamic banking services. The results also show that 61% of the respondents believe that Islamic banking services could serve as an alternative to the conventional banking system, and more than half (54%) of the respondents agree that Islamic banks use modern technology in performing banking transactions.

Regarding social inequalities and welfare and standard of living, there is explicit agreement among the respondents (62%) that Islamic banking contributes to removing society's income inequalities, 59% were agreed that Islamic banking contributes to social welfare, and 55% of the respondents believe that Islamic banking services help improve the general standard of living. Using a five-point Likert scale, a total of 62% of the respondents also indicate their agreement with the statement relating to Islamic banking can make big profits. About 57% of the respondents think that Islamic banks are more transparent than traditional banks.

They also believe that Islamic banking is only for Muslims.

However, the results show that more than half (54%) of the respondents believe that Islamic banks do not follow ethical and moral guidelines when they invest. On the other hand, the analysis indicates that a total of 58% of citizens agree that Islamic banking offers enough employment, and 64% say that Islamic banking partners with entrepreneurs and start-ups, as well as 54% of the participants believe that Islamic banking can contribute to the Maldives economy (Table 7).

Do you agree with the following statements on Islamic banking?	Number of responses (%)					Mean
	SD	D	N	A	SA	
Providing enough products and services?	6 (0.4%)	218 (14%)	296 (19%)	742 (47.5%)	300 (19.2%)	3.71
Operating efficiently?	6 (0.4%)	114 (7.3%)	324 (20.7%)	846 (54.2%)	272 (17.4%)	3.80
Completely serving as an alternative to the conventional banking system?	5 (0.3%)	171 (10.9%)	437 (28%)	655 (41.9%)	294 (18.8%)	3.67
Using modern technology in performing banking transactions?	12 (0.8%)	282 (18.1%)	422 (27%)	645 (41.3%)	201 (12.9%)	3.47
Contributing to removing society's income inequalities?	7 (0.4%)	172 (11%)	414 (26.5%)	723 (46.3%)	246 (15.7%)	3.65
Improving the general standard of living?	23 (1.5%)	188 (12%)	532 (34.1%)	614 (39.3%)	205 (13.1%)	3.50
Making big profits?	21 (1.3%)	147 (9.4%)	421 (27%)	698 (44.7%)	275 (17.6%)	3.67
More transparent than traditional banks?	17 (1.1%)	90 (5.8%)	561 (35.9%)	621 (39.8%)	273 (17.5%)	3.66
Follows ethical and moral guidelines when they invest?	151 (9.7%)	698 (44.7%)	372 (23.8%)	238 (15.2%)	103 (6.6%)	2.64

Table 7 - Perceptions of Islamic banking

Do you agree with the following statements on Islamic banking?	Number of responses (%)					Mean
	SD	D	N	A	SA	
Only for Muslims?	15 (1%)	83 (5.3%)	296 (19%)	631 (40.4%)	537 (34.4%)	4.01
For everyone?	19 (1.2%)	143 (9.2%)	480 (30.7%)	738 (47.2%)	182 (11.7%)	3.58
Offering enough employment?	29 (1.9%)	135 (8.6%)	488 (31.2%)	721 (46.2%)	189 (12.1%)	3.58
Partnering with entrepreneurs and start-ups?	19 (1.2%)	100 (6.4%)	447 (28.6%)	772 (49.4%)	224 (14.3%)	3.69
Contributing to the Maldives economy?	31 (2%)	221 (14.1%)	462 (29.6%)	638 (40.8%)	210 (13.4%)	3.49

Table 7 - Perceptions of Islamic banking

Note: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, and SA = Strongly Agree

*The mean values which is the average SD and SA, of most of the questions indicate a positive impression given by the respondents.

Furthermore, the study explored people's attitudes toward interest (Riba) and Islamic banking. The findings show that the respondents had no idea that Islamic banks distribute higher profits as compared to conventional bank's interest rates. As presented in Table 8, most of the respondents (75%) answered that perhaps Islamic banks distribute higher profits as compared to conventional bank's interest rates, and 12% answered Yes, while 13% answered No, they do not. The majority of the respondents (84%) believe that interest and profits are not the same. Meanwhile, 89% of the respon-

dents were aware that Islam completely prohibits interest, as Two-thirds (62%) of the participants knew this fact since primary stage (10-18 years old) and 17% after entering work for the first time. From Table 8, it can be also seen that 48% of citizens knew the fact that Islam prohibits Riba from their teachers, 17% from books, 15% from parents, 10% from friends, and 9% knew that from the internet. The results also show that 82% of citizens participating in this study know that Al-Quran prohibits Riba.

Age	Category	Frequency	Percent
Do Islamic banks distribute higher profits as compared to conventional bank's interest rates?	Yes	200	12.8
	No	154	9.9
	Maybe	1163	74.5
Do you believe interest and profits are the same?	Yes	247	15.8
	No	1306	83.6
	Maybe	9	0.6
Do you know that Islam prohibits interest completely?	Yes	1385	88.7
	No	177	11.3
If YES, when did you get to know?	As a child (Under 10 years)	231	14.8
	As a primary student (10-18 years)	965	61.8
	As university student	94	6
	After entering work for the first time	259	16.6
How did you learn about it?	Teachers	745	47.7
	Books / Studies	264	16.9
	Parents	232	14.9
	Friends	163	10.4
	Internet	145	9.3
Do you know Al-Quran states interest is prohibited?	Yes	1278	81.8
	No	22	1.4
	Do not Know	262	16.8
Do you know that not only Islam but even other major religions in the world also prohibit interest dealings?	Yes	474	30.3
	No	114	7.3
	Do not Know	974	62.4
Islamic banks do not involve Riba (Interest), and instead uses the method of profit and loss sharing (partnership). Do you think is it better than conventional banking?	Yes	760	48.7
	No	44	2.8
	Maybe	363	23.2
	Do not Know	395	25.3

Table 8 - Perceptions of citizens on interest (Riba)

However, more than half (62%) of the respondents do not know that not only Islam but even other major religions in the world also prohibit interest dealings. By asking the participants about the fact that Islamic banks do not involve Riba, and instead uses the method of profit and loss sharing (partnership), if they think this is better than conventional banking. Approximately half of them agreed that Islamic banking is better

than conventional banking with regard to such issue (Table 8).

Islamic banks do not invest in industries with products and services involving alcohol, pork, and gambling. As displayed in Figure 6, 64% of the respondents believe that this is beneficial for the welfare of society, while 19% had no idea and 13 answered with “maybe”.

Islamic banks do not invest in industries with products and services involving alcohol, pork, and gambling. Do you think this is beneficial, for the welfare of society?

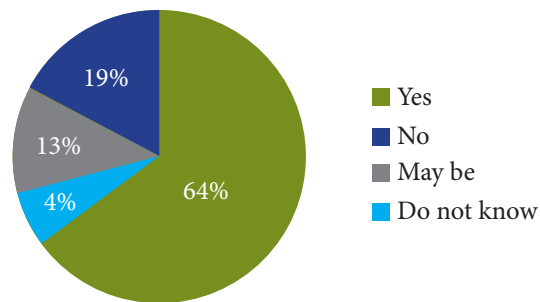


Figure 6 - Benefits of Islamic banks to the welfare of society

The 2008 financial crisis has brought to the fore the vulnerability of conventional banks. It is a general belief that the crisis has not affected the Islamic banks as much as conventional banks. Therefore, this national study surveyed Maldivian citizens' perceptions of the efficiency and performance of

Islamic banks during the 2008 financial crisis. The study found 64% of the respondents think that the performance of Islamic banks during the 2008 financial crisis was good, and 28% think that the performance was ranged between very good and excellent.

How would you evaluate the efficiency and performance of Islamic banks during the 2008 financial crisis?

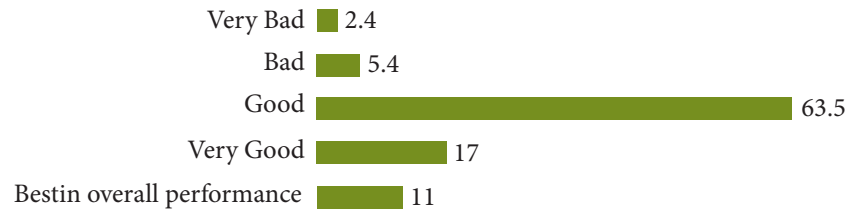


Figure 7 - Citizens' evaluation of Islamic banks during 2008 financial crisis

Numerous interesting findings have also emerged from this study. The national survey explored the extent to which citizens know Islamic banks services in the country. Table 9 shows that 63% of the respondents know that conventional insurance companies are involved with interest; and 75% believe that Takaful (Islamic insurance) companies exist in the Maldives. On the other hand, 62% of the respondents think that there are no differences between general and family Takaful undertakings. As for the stock market, most of the respondents (74%) do not know that the stock market shares can be screened for Shariah compliance, while 56% have information about the possibility of trading sharia-compliant shares in the Maldives Stock Exchange.

The results reported in Table 9 show that 52% of the respondents do not know that

Sukuk (Islamic Bond) is available for investors in the Maldives market compared to 47% who know. In contrast, a total of 72% of the respondents believe that IF windows of banking financial institutions are offering IF facilities, also 66% think that IF windows of non-banking financial institutions are offering finance facilities. The study found that more than half of the respondents know that purchase arrangements based on IF structures are available in the Maldives. Likewise, 52% think that Housing Development Corporation (HDC) is offering Islamic housing financing facility in Hulhumale'. However, the findings reveal that 60% of the respondents have no information about the availability of Maldives Retirement Pension Scheme (MRPS) Sharia Fund for those who want to invest in the Sharia-compliant asset class/investments.

Did you know that...	Yes%	No%
Conventional insurance companies are involved with interest?	62.6	37.4
Takaful (Islamic insurance) companies exist in the Maldives?	75.3	24.7
The differences between general and family Takaful undertakings?	38.3	61.7
The stock market shares can be screened for Shariah compliance?	25.7	74.3
You can purchase / trade sharia-compliant shares in the Maldives Stock Exchange?	56	44
Sukuk (Islamic Bond) is available for investors in the Maldives market?	47.2	52.8
IF windows of Banking financial institutions are offering IF facilities?	72.4	27.6
IF windows of non-Banking financial institutions are offering IF facilities?	65.7	34.3
Purchase arrangements based on IF structures are available in the Maldives?	45.6	54.4
Housing Development Corporation (HDC) is offering an Islamic housing financing facility in Hulhumale`.	52.1	47.9
The availability of Maldives Retirement Pension Scheme (MRPS) Sharia Fund for those who want to invest in the Sharia-compliant asset class/investments?	40	60

Table 9 - Citizens' knowledge of Islamic banks services in the Maldives

Shariah-compliant monetary and financial activities in the country are essential to be examined and included in the current national study. The results obtained in Table 10 reveal that responses were overall positive to the questions given. By asking the participants about their beliefs toward their willingness to learn the ways of monetary and financial activities relating to the economy that are compliant with the Islamic religion, the outcomes show that 68% of the respondents had the willingness to learn

such ways if given the opportunity. As for the source of money, a large majority of the respondents (87%) believe that the money earned should be halal and gained from lawful activities. Therefore, 84% of the participants think that it is important parents teach their children the Islamic method of monetary and financial conduct. Likewise, educational institutions should teach Islamic banking and finance, as 83% of the respondents perceived.

Did you know that...	Yes%	No%	Do not know%
If given the opportunity, would you be willing to learn the ways of Monetary and Financial activities relating to the economy that are compliant with the Islamic religion?	68.4	7.6	23.9
The money you earn should also be halal money?	86.9	2.2	10.8
Parents should teach their children, the Islamic method of Monetary and Financial conduct?	83.9	3.3	12.9
Educational institutions should teach Islamic Banking and Finance?	83	3	14
Zakat and Inheritance related information should be common knowledge?	82.9	3.7	13.4
The banking and financial sector should be made compliant with the laws, and that the government should establish a guideline and policy on this?	76.4	3.2	20.4
Policymakers should develop and establish an Islamic Pension scheme in the Maldives?	76.7	4.2	19.1
Policymakers should implement development projects based on IF models and systems?	74.6	4	21.4
Halal Certified businesses and products should be thoroughly checked, monitored and scrutinized regularly by the regulatory authority?	78	3.8	18.2
IF should be a separate subject with an educational curriculum?	72.2	8	19.8
To work in the banking and financial sector, a pass in Islamic Finance should be made mandatory?	63.7	15.7	20.6

Table 10 - Perceptions on Shariah-compliant monetary and financial activities

As shown in Table 10, there is explicit agreement among the respondents (83%) that Zakat and inheritance related information should be common knowledge. However, 76% believe that the banking and financial sector should be made compliant with the laws, and that the government should establish guidelines and policy on such matters. Citizens are also concerned about establishing an Islamic Pension scheme in the Maldives, as 77% view that policymakers should set up and develop Islamic pension funds covering the retirement benefits of employees at the end of their careers.

Overall, 75% of the respondents believe that policymakers should implement development projects based on IF models and systems. Moreover, most of the participants (78%) perceive that Halal-certified businesses and products should be thoroughly checked, monitored and scrutinized regularly by the regulatory authority. 72% believe that IF should be a separate subject with educational curriculums, while 64% of the participants believe that to work in the banking and financial sector, a pass in IF should be made mandatory.

In addition to monetary and financial aspects, the study has also incorporated citizens' perspectives of the IF industry in the Maldives and how it can be developed. In this regard, although half of the respondents do not know whether Islamic banks and financial institutions should introduce new products and services, 39% opine that there is a pressing need to introduce new products and services by Islamic banks (Table 11). Thus, they suggested various products and services to be taken into consideration in the country's IF industry, such as;

- Social Finance: easy loans/easy loans for startup business/ house loan for poor/ education loan, medical, unemployment benefits.
- Islamic financial services, e.g., leasing, Musharakah, Halal pension scheme, Tawarruq, Sukuk, Qard, Hawalah.
- Open more banks/branches/ATMs in all atolls in the Maldives.
- Interest-free services/loans; and Internet banking.
- Others (investment, FinTech, cryptocurrencies, international transactions, insurance).

	Category	Frequency	Percent
In your opinion, should Islamic banks & financial institutions introduce new products and services?	Yes	614	39.3
	No	138	8.8
	Do not know	810	51.9
If your answer to the previous question is 'yes', please suggest a product or service you would like to see introduced.	Do not know	235	15
	Social finance: Easy loans/Easy loans for startup business/ House loan for poor/education loan, Medical, Unemployment	151	9.7
	Islamic financial services, e.g., leasing, Musharakah, Halal pension scheme, Tawarruq, sukuk, Qard, Hawalah	67	4.3
	Open more banks/branches/ATM in atolls	66	4.2
	Interest free services/loans	41	2.6
	Internet banking	26	1.7
	Others (investment, FinTech, cryptocurrencies, international transactions, Insurance	25	1.6
	Expand banking in islands/Easy services	12	0.8
	Minor account	3	0.2

Table 11 - Perspectives of the Islamic finance industry in the Maldives

Challenges might hinder the sustainable development of Islamic finance in the Maldives

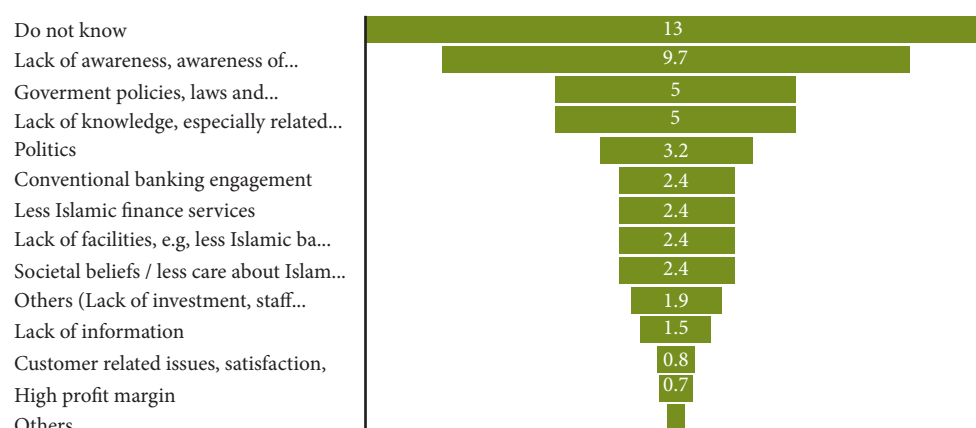


Figure 8 - Challenges hindering the development of Islamic finance

As for the roadblock and challenges that might hinder the sustainable development of IF in the Maldives, about 10% of the respondents believe that lack of awareness, awareness of IF is one of the main challenges (see Figure 8). On the other hand, 5% of the participants opined that government policies, laws and regulations, uninformed policymakers constitute serious impediments that need to be considered. Equally, 5% believe that there is a lack of knowledge, especially relating to IF. Politics is another

challenge that might hinder the sustainable development of IF, as 3% of the respondents indicated. As illustrated in Figure 8, the sustainable development of IF in the Maldives may also be challenged by conventional banking engagement, less IF services, lack of facilities (e.g., less Islamic banks branches, poor infrastructure), societal beliefs/less care about Islamic way, and others (lack of investment, staff efficient, limit social finance, corruption, advertising, transportation).

	Category	Frequency	Percent
In your opinion, is it important that the movers and shakers of industry be educated on IF when supporting the development of the rural atolls and islands?	Yes	1097	70.2
	No	46	2.9
	Do not know	419	26.8
In your opinion, is it important that the movers and shakers of industry be made more aware of IF with regular annual programs?	Yes	1083	69.3
	No	51	3.3
	Do not know	428	27.4

Table 12 - Suggestions to develop the Islamic finance industry

	Category	Frequency	Percent
In your opinion, is it important that IF professionals be trained and developed further in a sustainable way?	Yes	1144	73.2
	No	41	2.6
	Do not know	377	24.1
In your opinion, should the entire banking and finance sector of Maldives convert to IF?	Yes	1039	66.5
	No	103	6.6
	Do not know	420	26.9

Table 12 - Suggestions to develop the Islamic finance industry

Additionally, the results reported in Table 12 show that there is a noticeable agreement among 70% of the respondents who view that it is important to educate the movers and shakers of industry on IF, when supporting the development of the rural atolls and islands. Similarly, 69% contend that it is important that the movers and shakers of industry be made more aware of

IF with regular annual programs. IF professionals must be trained and developed further in a sustainable way, as 73% of the participants suggested. Lastly, this national survey indicated that 67% of citizens believe that the entire banking and finance sector of Maldives needs to be converted to IF.



Key Findings

The followings are the summary of key findings from this national survey and recommendations that can be suggested to improve IF literacy:

- **Demography:**

The sample is well diversified in terms of age, gender, education, fields of specialization, employment, ownership and management type. This implies that the participants had at least the basic education level and knowledge to respond to this survey. They are likely to understand IF as it is our religious obligation. For instance, if Muslims care little about the prohibition of Riba and Gharar (uncertainty) and continue to consume conventional financial products, then the Islamic financial system will never be developed.

- **Financial Inclusion and Banking Activities:**

- The vast majority (above 90%) of people in the Maldives have their own bank account and ATM cards, 65% frequently use internet banking services, and savings accounts, fixed deposits and current accounts are the most used services among citizens (86%).
- In contrast, 70% of surveyed people would not spend money to educate themselves financially by participating in banking or financial service-related activities, e.g., training, courses, seminars, and workshops.
- People generally believe that banking is an integral part of people's lives and important in offering financial solutions to individuals and businesses, and thus everyone must be educated about banking.

The efforts of the government and policymakers to focus attention on appropriate proactive strategies to improve the public awareness, knowledge and education for financial well-being. Strategic priorities should focus efforts on vulnerable segments of society, where low-income households tend to have lower levels of financial literacy. Target groups, such as self-employed and young graduates who are entering the workforce, as this is a period when youth should learn how to manage an income. Thus, developing long-term financial attitudes and positive behavioral change requires consistent intervention over a period of time. Action plans include initiatives that provide information, education, and incentives for these targeted groups.

• Islamic Finance Literacy:

- A substantial majority (87%) of the respondents believe that Islamic banking is completely different from conventional banking.
- 66% have never been clients of an Islamic bank, they view that Islamic banks provide enough products and services and operating efficiently.
- 61% of people surveyed believe that Islamic banking services could serve as an alternative to the conventional banking system. Generally, there is also positive impression given by the respondents that Islamic banking contributes to social welfare and equality.
- People had no idea regarding the fact that Islamic banks distribute higher profits as compared to conventional bank's interest rates.
- A notable lack of knowledge among people about Islamic banks services in the Maldives, such as Sukuk, general and family Takaful undertakings, Shariah compliant-stock market, and purchases based on IF structures.
- Responses were overall positive on Shariah-compliant monetary and financial activities, where people believe that parents, educational institutions, government and policymakers should pay attention to improving knowledge of monetary and financial activities related to the Islamic economy.
- Respondents believe that lack of awareness, awareness of IF is one of the main challenges that hinder the sustainable development of IF in the Maldives.

There is a clear need to improve Islamic financial literacy among people in the Maldives, and there are number of ways that this can be achieved. For example, (i) The integration of Islamic financial education elements in the curriculum; (ii) Elevate public awareness on financial matters, enhance Islamic financial literacy among the Maldivians and serve the needs of financial consumers and widening outreach of financial education nationwide; (iii) Initiatives to train and enhance the capability of the counsellors at the government agencies in order to conduct self-directed financial education sessions within societies. These programs can be open for the public to provide intervention measures to achieve prudent financial management behavior, so that the public will be able to gain knowledge on investment and financial planning through interactive and fun ways of learning; and (iv) Program on “earn, manage, save and give” could be conducted yearly amongst students of higher learning institutions, focused on providing an educational experience that leaves them with positive associations with money and social change. Students are given financial education and then provided seed money to start an enterprise.

Conclusion

Islamic financial literacy plays an important role in enhancing the acceptability of Islamic banking. Given the many ways Islamic financial literacy affects financial behavior, it is important to understand the extent of people's understanding of basic financial concepts as well as the degree to which financial skills fall short among segments of society. Therefore, the main objective of this study is to determine the level of financial literacy with Islamic banking services in the Maldives.

In general, the outcomes of this study indicate that although people believe that Islamic banks can provide enough products and services and contribute to the Maldives economy, a large majority of them were not clients of an Islamic bank. As such, people generally lack an adequate Islamic financial experience and background or understanding to navigate today's complex market as they are in fact not clients of Islamic banks. It could be deduced that for the Maldivian emerging economy, financially educated consumers can help ensure that the financial sector makes an effective contribution to real economic growth and poverty reduction. Hence, relentless efforts must be made to impart financial knowledge to promote positive financial behavior among the public and improve awareness of the innovation of Islamic financial products and services and their implications.

Appendix

Survey Form

- A NATIONAL SURVEY -

The first-ever national survey conducted by the Maldives Capacity Development and Governance Institute (MCDGI) to identify the status quo of Islamic Finance in the country.

Date of Interview : _____

Time of the Interview : _____

Name of the Investigator : _____

Thank You...!

- The survey should only take about 15-20 minutes of your precious time to complete. We urge you to support this research; however your response to the survey is entirely voluntary.
- We at MCDGI value your trust in us and we will be a responsible custodian of your data and responses. Be assured that your responses will be kept in the strictest confidentiality.
- This survey is for research and information gathering purpose only and will not be used for any other purpose nor will the information be sold to any third party.
- We thank you for agreeing to take part in this survey and for your cooperation.

SECTION 1: DEMOGRAPHY

1. Name of Respondent: _____

2. Age (Optional): 18-35 36 – 55 Above 55

3. Gender: Male Female

4. Marital Status: Single Married Divorced Widowed

Contact Details (Optional):

5. Address: _____

6. Telephone: _____ 7. Mobile No.: _____ 8. Email: _____

9. Educational Level:

- None
- Preschool
- Elementary School
- Secondary School
- High School
- Bachelor's or professional degree
- Master's Degree
- PhD degree

Current Employer / Own Business:

11. Company / Business Name [OPTIONAL]: _____

12. Company Address [OPTIONAL]: _____

13. Company:

First Generation Professional Management Government Family Run Start Up Other

14. Legal Status of Firm | Ownership:

Government Proprietary Family Controlled Public (listed) Private Ltd

Other (Specify):.....

15. Industry / Sector:

Tourism fishing Agriculture Garment production
Boat Building Handicrafts Banking / Financial Construction

Other (Specify):.....

SECTION 2:

BANKING RELATIONSHIP & ACTIVITIES

16. Do you have a bank account?

Yes No

17. How long do you have a bank account operating or a relationship with a bank?

Less than 2 Years Between 2 Years to 5 Years Between 6 Years to 10 Years More than 10 Years

18. Do you have an ATM card?

Yes No

19. How many times do you interact with the bank in a week?

More than 2 times once a week Rarely I go

20. What is the frequent mode of interaction between you and bank?

Physical visit ATM / Self Banking Centre Agent Banking Dhoni Banking
 Internet Banking Mobile Wallet Point of Sale (POS)

21. Do you use internet banking facilities for online transactions/payments?

Yes No I don't know

22. If NO, then why?

It's too risky Dealing in cash is convenient Tax issues

Bank charges are high No banks closely

Other reasons: _____

24. Are you willing to pay and study a Course or attend Training / Seminar / Workshops related Islamic Banking and Finance?
 Yes No

25. What language do you prefer to be used in the Banks?
 Dhivehi English

Do you agree that	Strongly Agree	Agree	Disagree	Strongly Disagree	Do not know
25 Banking is an integral part of our lives?					
26 Without banking, difficult to carry out financial matters?					
27 Everyone must be educated about banking?					
28 Banking is more than dealing with money?					
29 There are enough banks and financial institutions in the country?					
30 Banking is much secured than dealing in cash?					

Have you dealt with any Bank or Financial Institutions for the any of the below	Yes	No	I haven't heard about it
31 Savings Account / Fixed Deposit / Current Account			
32 Car Loan / Home Loan / Apartment Loan / etc.			
33 ATM Card / Debit Card			
34 Credit Card			
35 Payment of bills and standing order instructions			
36 Investments in Private / Government Bonds / T-Bills			
37 LC / LG (import / export) documentation			
38 Motor cycle for hire purchase			
39 Education loan, Travel loan, Emergency cash advance			
40 Business – Working capital loan / Project Financing			

41. Do you believe that conventional banking and Islamic banking are fundamentally distinct?

- Yes No

42. Do you think that the reasons which motivate people to deposit their money at an Islamic Bank are any of the following?

- Religious reasons
 Profitability reasons
 Religious & Profitability reasons
 Their deposits are more secure
 I don't know

43. Have you ever been a customer of an Islamic Bank?

- Yes No

44. Do you agree that the customers of Islamic Banks are aware of the Sharia-based and Sharia-Compliant products provided by the Banks?

- Strongly Agree
 Agree
 Disagree
 Strongly Disagree
 I don't know

Do you know that the Islamic Banks are;		Agree	Disagree	Do not know
45	Providing enough products and services?			
46	Operating efficiently?			
47	Completely serving as an alternative to the conventional banking system?			
48	Using modern technology in performing banking transactions?			
49	Contributing to removing society's income inequalities?			
50	Contributing to social welfare?			
51	Improving general standard of living?			
52	Making big profits?			
53	More transparent than traditional banks?			
54	Follows ethical and moral guidelines when they invest?			
55	Only for Muslims?			
56	For every walks of life? For everyone?			
57	Offering enough employments?			
58	Partnering with entrepreneurs and start-ups?			
59	Contributing to the Maldives economy?			
60	Growing faster in the Maldives?			

62. Do you believe interest and profits are the same?
 Yes No
63. Do you know that Islam prohibits interest completely?
 Yes No
64. If YES (for question 63), when did you get to know?
 Early childhood (Age 4 -12) Teenage (Age 13-19) During University period When I started to work
65. If YES (for question 63), how did you get to know?
 Parents Teachers / Scholars From a Friend / Colleague From internet
66. Do you know Al – Quran says interest is prohibited?
 Yes No I Don't know
67. Have you heard that not only Islam but even other major religions in the world also prohibit interest dealings?
 Yes No I Don't know
68. Islamic banks do not involve in Riba (Interest). Alternatively, Islamic banks are using buy and sell, profit and loss sharing in partnership understandings and agency mode of banking. Do you think is it better than western banking?
 Yes No May Be I Don't know
69. Islamic bank does not invest in industries with products and services involved (Alcohol, Pork, and Gambling). Do you think is it OK, for the welfare of society?
 Yes No May Be I Don't know
70. Do you know that Islamic Banks were more resilient especially during the crisis times (2008 Global Financial crisis)?
 Yes No May Be I Don't know

SECTION 4: UNDERSTANDING OF ISLAMIC FINANCE MARKET		
Do you know;	Yes	N
71	Conventional insurance companies are involved with interest and other prohibited activities?	
72	Takaful (Islamic Insurance) companies are existing in Maldives? (Such as Amana Takaful, Ayady Takaful, etc.)	
73	The differences between General and Family Takaful undertakings?	
74	The stock market shares can be screened for Shariah compliance?	
75	That you can purchase / trade sharia compliant shares in the Maldives Stock Exchange?	
76	That Sukuk (Islamic Bond) is available for investors in the Maldives market?	
77	Islamic Finance windows of Banking financial institutions are offering Islamic Finance facilities? (Such as BML Islamic)	
78	Islamic Finance windows of non-Banking financial institutions are offering Islamic Finance facilities? (Such as HDFC's Amna)	
79	Private hire purchase arrangements based on Islamic Finance structures are available in Maldives? (Such as Alia and MTCC)	
80	That Housing Development Corporation (HDC) is offering Islamic house financing facility in Hulhumale'	
81	That Maldives Hajj Corporation (MHC) is to pave the way for all the citizen of Maldives to perform their Hajj and Umrah with an affordable cost?	
82	The availability of Maldivian Retirement Pension Scheme (MRPS) Sharia Fund for those who wants to invest in the Sharia compliant asset class / investments?	

SECTION 5:
EXPECTATIONS OF ISLAMIC FINANCE MARKET

Do you believe that;		Agree	Disagree	Do not know
83	If there is an opportunity to learn about what Islam says about money, finances or economics that you must learn			
84	Your employer should pay your salaries in a Halal way / You must earn Halal income for your living			
85	Parents should teach their kids about the Islamic way of managing money and financial affairs			
86	Kids must be taught about banking and finance in the school and universities?			
87	Everyone must know Zakat (obligatory charity) / Warasath (inheritance)?			
88	Policymakers should introduce a national strategy to reform the banking & finance industry based on Islamic principles?			
89	Policymakers should introduce an Islamic pension scheme for citizens in the Maldives?			
90	Policymakers must carry out infrastructure development projects based on Islamic banking models?			
91	Policymakers should strictly monitor the investments of the companies and conventional banks to be in the Halal sector?			
92	Schools must teach Islamic finance as a subject or module?			
93	Islamic banking qualifications to be considered as one of the pre-requisite for a banking career?			

In your opinion:

94. The Islamic Banks and financial institution should focus on new product development initiatives?
 Yes No I Don't know

95. If yes, please mention what type of product you are expecting to see in the market soon?

96. Do you think the industry stakeholders should conduct Islamic Finance awareness programs in atolls?
 Yes No I Don't know

97. Do you think the industry stakeholders should conduct Islamic Finance workshops every year in Maldives?
 Yes No I Don't know

98. Do you think that there are more Islamic Finance professionals to be produced in Maldives?
 Yes No I Don't know

99. Do you think the Islamic Finance needs to be fully embraced by Maldivians?
 Yes No I Don't know

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