

Sustainability of *Sukuk* and Conventional Bonds during Financial Crisis: Malaysian Capital Market

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It is well known that the recent global financial crisis has adversely affected the world's economy and in particular the banking industry, among many other things. Islamic finance (sukuk) has also not been spared, although it has been enjoying tremendous growth since its debut in the 1970s. It had not shown any sign of slowing down until the recent global financial crisis. Sukuk has a different underlying structure and provisions in comparison to more conventional bonds and it is a challenge to evaluate on its sustainability during the recent global financial crisis. This paper attempts to investigate the sustainability of sukuk issuance as well as conventional finance during the recent economic downturn by focusing on the Malaysian debt capital market. Malaysia's sukuk market has grown remarkably in recent years, surpassing the outstanding amount of conventional debt securities issued in the domestic market. Despite the global economic downturn, Malaysia is still considered one of the leaders in sukuk issuance and has in fact proved to be an innovator in the development of sukuk structure. This paper examines three variables concerning the sustainability of sukuk and conventional bond issuance for the period 1990-2009; (i) GDP, (ii) foreign exchange, and (iii) market liquidity. By using ordinary least squares regression, the findings reveal that both sukuk and conventional bond issuance in Malaysia consider foreign exchange as the major factor on bond issuance. On the other hand, unlike sukuk, conventional bond does not consider the economic condition as proxy by GDP and market liquidity that driven for its issuance. These imply insensitivity issuance of conventional bond as compared to sukuk with regards to current economic condition.

JEL Classifications: G10, G01

Keywords: Capital Market, Financial Crisis

1.0 Introduction

Islamic finance industry has grown massively in response to a profusion of investment products, which has been fuelled by an increasing demand for investments that comply with Islamic law. Of all the rapidly growing Islamic capital market securities none are gaining in popularity as much as *sukuk*, which in some respects has a different underlying structure compared to the conventional models. ¹

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The world has witnessed a strong growth in global *sukuk* issuance in recent years as it has been enjoying tremendous growth since its debut in 1970s. However, *sukuk* market did not do well following the emergence of the subprime crisis; witnessed global *sukuk* issuance had declined by more than 50% by the end of 2008. This has shown the growth momentum of *sukuk* has not been insulated from the current global crisis, albeit has not been as great as for its conventional counterpart. Due to this financial crisis, Malaysia has been the hardest hit in deterioration of *sukuk* issuance, followed by Gulf Cooperation Council.

Considering the recent financial crisis that has had a strong impact on global financial sector including Islamic finance industry, this study attempts to investigate the sustainability of *sukuk* as well as conventional issuance during the recent financial crisis. This study focuses solely on Malaysia's debt market, taking into account unique features of the country's financial market which had been considered a model for the 'dual financial system' and continued to perform well in terms of issuance even after the subprime crisis had erupted. In addition, as far as the domestic market is concerned, Malaysia's issuance of *sukuk* is as large as its conventional bonds. For this reason, this study is structured as follows: (i) *sukuk*, as an alternative source of financing, has different underlying structure and provision compared to conventional bonds, (ii) development of the Malaysian *sukuk* market, (iii) data and methodology, (iv) analysis of results, and (v) conclusion.

2.0 *Sukuk*, as an alternative source of financing, has different underlying structure and provision compared to conventional bonds

Islamic capital market has emerged extensively with *sukuk* play substantial parts in the industry. As reported by Damak and Volland (2008), *sukuk* totalled less than \$500 million in 2001, but it was double this in 2007 and had by then exceeded \$60 billion. Growth of the *sukuk* market is being fuelled mainly by corporates, sovereigns and financial institutions. Although corporates find that *sukuk* is an alternative form of financing for businesses or projects, banks are turning to these financial instruments to sustain growth using stable funding sources and curb maturity mismatches¹.

Islamic debt securities market was developed to meet diverse risk-return profiles and the needs of issuers and investors who looked for a type of asset that complied with *Shariah* (Islamic law). Conventional bonds that yield interest, or *riba*, are of course prohibited under *Shariah* law. Furthermore, those who buy and sell conventional bonds are rarely interested in what is actually being financed through the bond issue, which could include activities and industries that are deemed *haram* (or forbidden) such as the production or sale of alcohol. Companies that are highly leveraged with bank debt may seek refinancing through issuing bonds, but such companies are not regarded as suitable for Muslim investors. Considering the fact that bond issuance is an important means of investment in the modern economic system, Muslim jurists and economists are striving to find the Islamic alternative.

¹ See Islamic Finance Outlook 2010, Standard & Poor's, p.8.

According to Auditing Organisation for Islamic Financial Institutions (AAOIFI), '*sukuk*' is:

"... certificates of equal value representing, after closing subscription, receipt of the value of the certificates and putting it to use as planned, common title to shares and rights in tangible assets, usufructs and services, or equity of a given project or equity of a special investment activity"²

In certain respects *sukuk* is similar to conventional bonds in that it is a security instrument that provides a predictable level of return. However, it has different underlying structure and provision. While a bond represents the issuer's pure debt, *sukuk* represents certificates of equal value undivided beneficial (proportional to the investor's participation) ownership in the underlying assets (both tangible and intangible), usufruct, services or investment in particular projects or special investment activities (Kamil, 2009, p.23). Returns on *sukuk* derived either from the performance of an underlying asset or the contractual agreement are based on this asset (Nanaeva & Mammadov, 2010).

3.0 Development of Malaysian *sukuk* market

The growing needs of the Muslim population in Malaysia for *Shariah* compliant products as an alternative to conventional banking and capital markets' financial instruments acted as a catalyst for the development of an Islamic capital market. Demand for Islamic debt instrument, which accounted for only 7% of total bonds raised in 1999, grew to 25% in 2000 and subsequently to 76% in 2005, primarily due to awareness of alternative funding sources (Ashhari, Chun, & Nassir, 2009).

The Malaysian *sukuk* market took off in 1990, when the world's first *sukuk* was issued by a non-Islamic corporation, Shell MDS (RM125 million) (Laldin, 2008). In 2002, Malaysia achieved a further significant milestone when the government issued the first global sovereign *sukuk*, raising US\$600 million. With this issuance, it became an international benchmark for the issuance of global *sukuk*. The *sukuk* issue was listed on the Luxembourg Stock Exchange, Labuan International Financial Stock Exchange and Bahrain Stock Exchange (Z. A. Aziz, 2007). There have since been further sovereign issues in the global capital market. Malaysia has pioneered many of the world's innovative *sukuk* structures (Table 1) that are in fact 'world firsts'.

² AAOIFI Standard 17

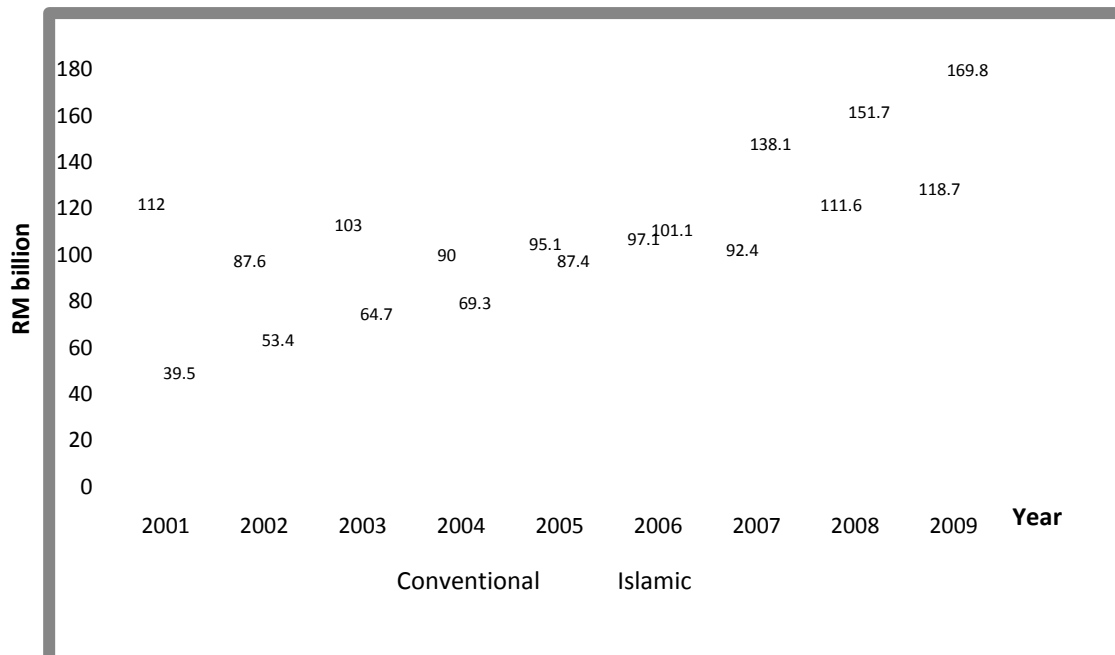
Table 1: World's first *sukuk* issues

Year	Issuer	Highlight Feature	Amount (million)
1990	Shell MDS	World's first ringgit <i>sukuk</i> issued by a foreign-owned, non-Islamic company	RM125 (USD33)
2001	Kumpulan Guthrie	World's first global corporate <i>sukuk</i>	USD150
2002	Government of Malaysia	World's first global sovereign <i>sukuk</i>	USD600
2003	International Finance Corporation	First ringgit <i>sukuk</i> issued by a supranational agency	RM500 (USD132)
2004	Cagamas MBS	World's first Islamic residential mortgage-backed securities	RM2,050 (USD\$540)
2005	PLUS	Complex and innovative structure, conversion of PLUS's existing debts into Islamic financing	RM9,170 (USD2860)
2006	Khazanah Nasional (Rafflesia Capital)	World's first exchangeable <i>sukuk</i>	USD750
2007	AEON Credit Services	First <i>sukuk</i> issued by Japanese-owned company	RM400 (USD125)
2007	Nucleus Avenue (Malakoff Corp)	World's first hybrid <i>sukuk</i> RM8,000	(USD2500)
2007	Khazanah Nasional (Cherating Capital)	Largest equity-linked <i>sukuk</i> issue and highest oversubscription rate	USD850
2007	Maybank	First international subordinated <i>sukuk</i>	USD300
2007	Binariang GSM	World's largest <i>sukuk</i> issue (at the time of issuance)	RM15,350 (USD4,800)
1H 2010	Government of Malaysia	World's largest global sovereign <i>sukuk</i>	USD1,250

Source: RAM (2010) and BNM & SC (2009)

The Malaysian *sukuk* market has grown exponentially in recent years, with an average annual growth rate of 21% between 2001 and 2008. This has surpassed the outstanding amount of conventional debt securities issued in the domestic market in 2007 (Figure 1). In Malaysia the *sukuk* market now plays an important role in financing the economy accounting more than half of the country's total debt, both in terms of balance outstanding and issuance. Demand for Malaysian *sukuk* has been mainly driven by infrastructure and utilities which account for more half of the Islamic debt market (RAM, 2009).

Figure 1: Outstanding local currency bonds in Malaysia



Source: Bank Negara Malaysia (in "Malaysia-Update ", 2009)

At an international level, there has been exceptional growth in the global *sukuk* market in which the issuance of *sukuk* increased rapidly from USD 1 billion a year in 2002 to USD34 billion in 2007 (IFSL, 2010). Malaysia itself has emerged as the largest Islamic securities or *sukuk* market in the world, with 68.9% of the globally outstanding *sukuk* originating in Malaysia (Noor & Mohideen, 2009). However, due to subprime crisis in 2008, Malaysia was the hardest hit in that there was a marked deterioration in *sukuk* issuance of almost half compared with 2007, followed by Gulf Cooperation Council (GCC) (Hijazi, Howladar, Lotter, Hassoune, & Gribot-Carroz, 2009). The Malaysian *sukuk* market had been on the rise since the early 2000s but the global financial crisis clearly stunted its growth. *Sukuk* issuance in Malaysia fell from RM58 billion as reported in 2007 to RM20.8 billion in 2008 (Abdullah, Burhan, & Shah, 2009).

Globally, year 2009 witnessed Malaysian *sukuk* market well on road to recovery, the 65 *sukuk* (SC, 2009) issues coming out of Malaysia, represented approximately 54% of the number of worldwide issues. This amounted to approximately 48% of *sukuk* issued in Malaysian ringgit (Damak & Volland, 2010). Malaysia has become the frontrunner in the development of Islamic capital markets since the 1980s (Jobst, Kunzel, Mills, Sy, & PDP/08/3, 2008), continued to lead global issuance in 2009.

4.0 Literature review

4.1 Financial crisis

Over the past thirty years, major financial disruptions have taken place approximately every three years. There has been a series of financial crises and these began with the stock market crash of 1987 (Amihud, Mendelson, & Wood,

1990), and the savings and loans collapse and credit crunch of the early 1990s (Bernanke, Lown, & Friedman, 1991). These were followed by recurring episodes of turmoil, most notably originating in Mexico at the end of 1994, in East Asia between 1997 and 1998, in Russia during the summer of 1998, in Brazil in 1999, in Turkey in 2001, and then in Argentina during 2001/2002 (Pasquariello, 2008). It is probable that the recent subprime crisis in the United States may go down in history as the worst financial catastrophe, arising from the collapse of mortgage market.

The present financial crisis, which has been dubbed the worst since the Great Depression of the 1930s, has not only affected the United States' banking system but that of the entire world. To date, most established and emerging markets are affected, and the performance of the Islamic financial institutions is no different. The Islamic finance industry, particularly the *sukuk* market is relatively new in that it really only began to forge ahead during the mid-1980s but experienced a stunning fall from the peak of USD46.65 billion in 2007 to only USD15.8 billion in 2008 (RAM, 2009). The decline in *sukuk* issuance by more than 50% by the end of 2008 is due to the credit crunch, which forced investors to step aside from the fixed income market, including the Islamic model (Damak & Volland, 2010). Debates over *Shariah* compliance of some *sukuk* structures and the rising cost of borrowing (Hijazi, et al., 2009) led to the declining in the issuance. Nonetheless the impact of the world financial crisis on the *sukuk* market it was not as great as conventional counterpart. The fact is that *sukuk*'s relative security has received increased scholarly attention due to certain core principles that have contributed to insulating it from global financial disasters (R. P. A. Aziz & Gintzburger, 2009).

4.2 Gross Domestic Product

It is widely accepted that financial crises have adverse consequences for the economy as a whole. A large body of theoretical work explores how financial intermediaries and financial markets facilitate businesses' investment choices and, hence, promote economic growth (Kroszner & Strahan, 2005; Levine, 1997, 2005). During non-crisis periods, Kroszner, Laeven and Klingebiel (2007) found that sectors that are relatively more reliant on external finance grow disproportionately more quickly in countries with deeply entrenched financial systems, but they experience the reverse during crisis periods. Financial crises have a disproportionately negative impact on sectors of the economy that rely heavily on external sources of finance in countries with long-standing financial systems.

Fink, Haiss and Hristoforova (2006) presented evidence of a correlation between either stock or debt market growth and GDP growth for seven of the G8 countries (the exception being Germany). They also found a link between domestic credits and output as well as stock market growth and output growth for Japan. However, Favara (2003) emphasised that growth in the financial sector has had no first order effect on GDP growth. Although a positive connection between capital market growth and economic development has been established empirically, the causal relationship between these variables and their long-term equilibrium remains ambiguous. The fact that there exists a strong relationship between financial and economic growth does not necessarily imply a causal relationship. The relationship of these two ends may vary depending upon the circumstances of each country (Colombage, 2009).

4.3 Exchange rate stability

Exchange rate stability is another factor that has an impact on the bond market. According to Silva (2008), the most direct effect of exchange rate changes is through domestic inflation. The changes in exchange rate affect the price of imported goods, which in turn, are important determinants of business firms' costs and the retail prices of many goods and services. The volatility in exchange rates also leads to an uncertainty in the foreign exchange market. This adds to risk premium to the forward market transactions and these uncertainties adversely affect foreign participation in domestic bond markets and also influence the development of a benchmark yield curve. If there are no markets to hedge then the price risks foreign investments may be declined. Areskoug (1980) estimated that exchange rate stability, along with general acceptability in domestic or international payments, is an important currency attribute in long-term international capital markets.

Cohen (2005) discovered that aggregate issuance of international bonds is significantly higher in strong currencies than in weak ones. Kedia and Mozumdar (2003) noted that US firms that issue foreign currency debt also tend to have significant foreign income, as well as characteristics suggesting that exchange rate hedging improves their ability to exploit growth opportunities. Keloharju and Niskanen (2001) obtained similar results in their analysis of Finnish firms. Researchers at the European Central Bank (in Cohen, 2005) found a strong positive relationship at the firm level between having subsidiaries in a currency area and bond issuance in that currency.

4.4 Market liquidity

There is no standard definition of financial market liquidity. According to Choudhry (2009), there is a general understanding of the nature of liquidity, in that academics and practitioners use a number of commonly accepted definitions and measures. Essentially, a liquid market can be defined as a market where it is possible for participants to buy or sell transactions at any time (during opening hours) according to size, at no extra cost, without this transaction causing prices to move (O'Hara, 1995).

The outstanding amount in issue for a bond is another factor; one expects this to have an influence on liquidity and Fisher (1959) observed this in a very early study. McCauley and Remolona (2000) reported how a number of Organisation for Economic Cooperation and Development (OECD) governments continued to maintain gross issuance in an effort to preserve market liquidity, despite budget surpluses removing the need to issue debt. This reflects the importance of the government bond market to all market participants, including investors, traders and brokers. The authors emphasise the importance of a liquid market in government bonds. Harrison (2002) investigated the impact of liquidity shocks on the composition of firms that entered the corporate bond market. He indicated that a severe liquidity shock (during Russia's default in 1998), is in some ways as bad for the corporate bond market as a severe credit quality shock (2000-01). In both cases credit spreads widen, even though in the case of the credit quality shock spreads widen even more. However, issuance was more strongly curtailed in the case of the liquidity shock in Russia during 1998. This finding simply emphasises that the effect of liquidity on the

corporate bond market goes well beyond the secondary market by also affecting the primary market. The impact of illiquidity on investors, and on trading activity, may well be more troublesome than the impact on issuance.

5.0 Data and methodology

Our aim is to investigate whether the issuance of *sukuk* in comparison to conventional bond are driven by current economic condition. The study is to foresee how sensitive *sukuk* and conventional bonds issuance to the economics condition in mitigating future financial crisis. Thus the study incorporates macro variables in determining *sukuk* and conventional bond issuance. The variables uses to proxy economic condition are the gross domestic product (GDP), foreign exchange rates (forex) and international liquidity (liq). The paper also intends to investigate the trends in *sukuk* and conventional bond issuance during major financial crisis particularly in the Asian financial crisis, 1997 and the subprime crisis, 2007.

The sample consists of 20 annual observations on each *sukuk* and conventional bond issuance in Malaysia from the period of 1990 to 2009. The data were obtained from the report of fund raised in capital market by the central bank of Malaysia, Bank Negara Malaysia (BNM). Islamic bond is referred to *sukuk* and straight bond is to represent the conventional bond issuance. In addition, economic data were collected from IMF International Financial Statistic (IFS).

Simple regression analysis using ordinary least square (OLS) is tested with *sukuk* and conventional bond for each independent variable. The full definitions of variables are specified in Table 2.

Table 2: Dependent and Independent variables

	<i>Definition</i>
<i>Dependent variables:</i>	
<i>Sukuk</i>	Islamic bonds issuance
Conventional bonds	Straight bonds issuance
<i>Independent variables:</i>	
GDP	Malaysian Gross Domestic Product
Forex	Malaysian exchange rate (MYR/USD)
Liq	International liquidity (Reserves minus gold)

Table 3 provides descriptive statistics on the dependent variables used in this study. The mean and standard deviation for *sukuk* issuance are smaller than conventional bond issuance. Nonetheless as presented in Table 4, average growth of *sukuk* issuance is higher than conventional bond issuance at 53% and 47% respectively. Conventional bonds are positively skewed more than *sukuk*. In reference to the kurtosis, *sukuk* values are more evenly around the mean with the thin-tailed distribution. On the other hand, conventional banks have fat-tailed distribution with the values scattered widely around the tail.

As shown in figure 2, except in several years (1995, 2000, 2002 and 2009) the issuance behaviour of *sukuk* and conventional bonds are opposed to each others. In

the early years of *sukuk* issuance, its growth trends are not corresponding to growth of conventional bonds issuance. The same trends occur during the Asian financial crisis 1997 with contradicting growth between Islamic and conventional bonds issuance. The scenario repeats again in year 2001 and 2003, probably due to bursting of technology bubble and the collapse of Enron respectively. Subprime mortgage crisis in 2007 is going to be significant to the economy and thus to the *sukuk* issuance during the period of crisis.

Table 3: Descriptive Statistic of Dependent Variables

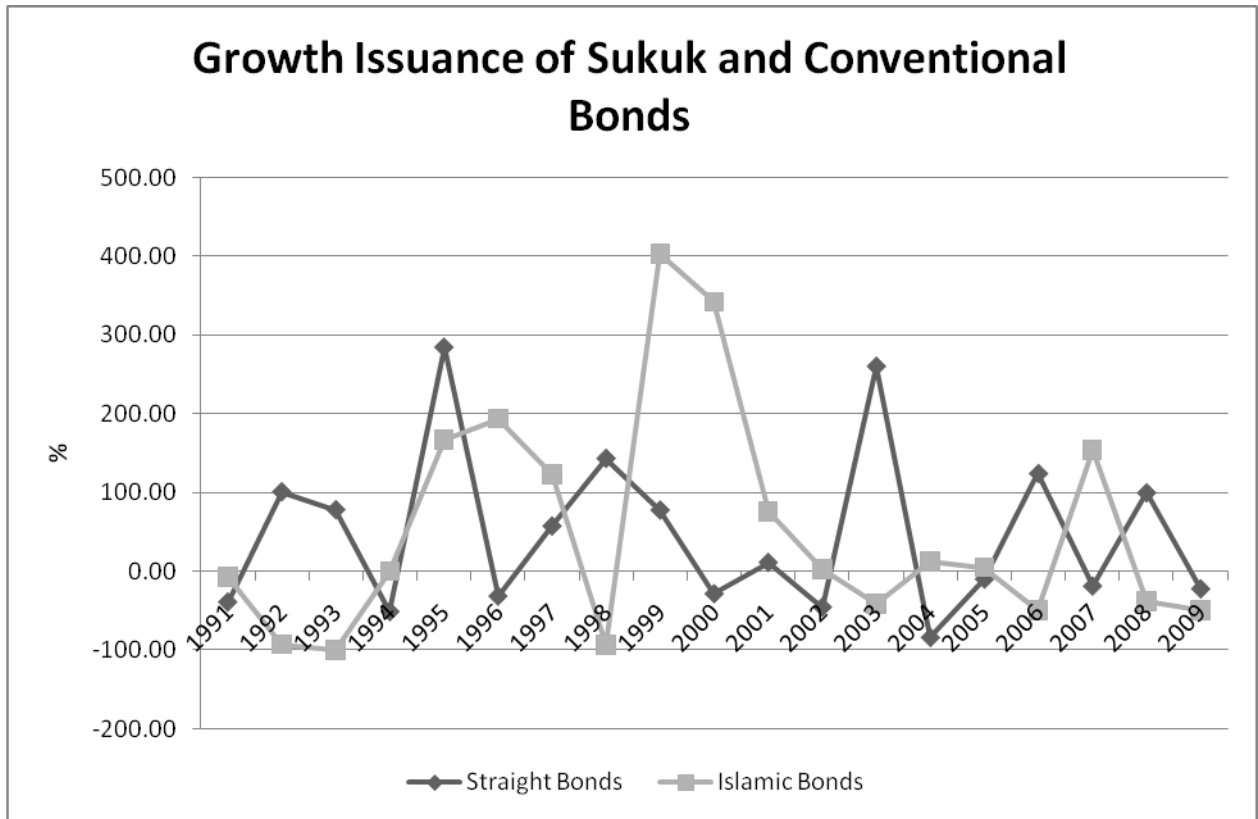
	<i>Sukuk</i>	Conventional
Mean	5340.74	7839.85
Std. Dev.	4759.27	7039.27
Skewness	0.43324	1.25451
Kurtosis	1.86791	4.32757

Table 4: Growth Rate of *Sukuk* and Conventional Bonds Issuance for Malaysian Capital Market

<i>End of Period</i>	%	
	<i>Conventional Bonds</i>	<i>Islamic Bonds</i>
1991	-39.35	-7.53
1992	100.80	-92.86
1993	78.06	-100.00
1994	-51.57	0.00
1995	284.64	166.67
1996	-31.92	193.75
1997	57.32	123.39
1998	143.24	-93.43
1999	77.59	402.61
2000	-28.83	342.10
2001	10.97	76.12
2002	-45.94	2.43
2003	260.48	-41.12
2004	-84.59	11.81
2005	-10.29	4.75
2006	124.02	-49.87
2007	-19.14	153.67
2008	99.44	-38.42
2009	-22.71	-49.32
Average	47.49	52.88

Source: Bank Negara Malaysia

Figure 2: Growth Rate of Sukuk and Conventional Bonds Issuance for Malaysian Capital Market



In order to investigate the relationship between *sukuk* and conventional bonds issuance with economic factors of Malaysian capital market our study specify the following hypotheses:

Hypothesis 1:

H_a: GDP has significant effect on sukuk and conventional bonds issuance

Hypothesis 2:

H_a: Forex has significant effect on sukuk and conventional bonds issuance

Hypothesis 3:

H_a: Liq has significant effect on sukuk and conventional bonds issuance

The hypotheses had been tested by the following functions and equations:

$$\begin{aligned} \text{Sukuk} &= f(\text{GDP}) \\ \text{Sukuk}_t &= \beta_0 + \beta_1 \text{GDP}_t + \varepsilon_t \end{aligned}$$

$$\begin{aligned} \text{Conventional Bonds} &= f(\text{GDP}) \\ \text{Conventional Bonds}_t &= \beta_0 + \beta_1 \text{GDP}_t + \varepsilon_t \end{aligned}$$

$$\begin{aligned} \text{Sukuk} &= f(\text{Forex}) \\ \text{Sukuk}_t &= \beta_0 + \beta_1 \text{Forex}_t + \varepsilon_t \end{aligned}$$

$$\begin{aligned} \text{Conventional Bonds} &= f(\text{Forex}) \\ \text{Conventional Bonds}_t &= \beta_0 + \beta_1 \text{Forex}_t + \varepsilon_t \end{aligned}$$

$$\begin{aligned} \text{Sukuk} &= f(\text{Liq}) \\ \text{Sukuk}_t &= \beta_0 + \beta_1 \text{Liq}_t + \varepsilon_t \end{aligned}$$

$$\begin{aligned} \text{Conventional Bonds} &= f(\text{Liq}) \\ \text{Conventional Bonds}_t &= \beta_0 + \beta_1 \text{Liq}_t + \varepsilon_t \end{aligned}$$

6.0 Results analysis

Table 5 summaries regression results of the OLS estimates for the study. From the regression, we present the following equations:

$$Sukuk_t = -103.6681 + 0.0146 GDP_t \quad Conventional Bonds_t = 2075.78 + 0.016GDP_t$$

$$Sukuk_t = -12414.36 + 5360.016 Forex_t \quad Conventional Bonds_t = -19761 + 8426Forex_t$$

$$Sukuk_t = 2043.286 + 0.0217Liq_t \quad Conventional Bonds_t = 4855.5 + 0.0202Liq_t$$

Table 5: Coefficient and statistics for the OLS estimates

Sukuk	Constant	Coefficient	Std. Error	t-Statistic	Prob.	R-squared
GDP	-103.6681	0.014596	0.005004	2.916913	0.0096	0.333552
FOREX	-12414.36	5360.016	1635.481	3.277333	0.0044	0.387187
LIQ	2043.286	0.021706	0.008956	2.423483	0.0268	0.256774

Conventional	Constant	Coefficient	Std. Error	t-Statistic	Prob.	R-squared
GDP	2075.778	0.015881	0.007956	1.996179	0.0613	0.181250
FOREX	-19761.84	8426.486	2180.420	3.864616	0.0011	0.453473
LIQ	4855.503	0.020188	0.014360	1.405883	0.1768	0.098942

From ordinary least square estimates, all the t-statistics of independent variables for *sukuk* issuance are significant at 5% significant level. From the above statistics (P-value < 0.05), we reject the null hypotheses 1, 2 and 3. It implies significant effects of GDP, forex and liquidity in the issuance of *sukuk* for Malaysian capital market throughout the study period.

In contrast, only forex are significant at 5% significant level for conventional bonds issuance. Thus we reject null hypothesis 2 and not able to reject null hypotheses 1 and 3 for conventional bonds. The results entail the insensitivity of conventional bonds issuer towards economic factors of GDP and market liquidity.

There are positive relationships of the economic proxy, GDP, forex and liquidity with bond issuance in Malaysia. Except for forex, R-squared for conventional bonds are lower than *sukuk*, indicates there are other contributing factors on conventional bonds issuance in Malaysia.

7.0 Conclusion

This study aims to investigate the impact of economic and market conditions towards the issuance of Islamic and conventional bonds in Malaysian capital market. The study uses 20-year data in testing the hypotheses of the effects of GDP, forex and market liquidity towards bond issuance. We also found interesting trends of *sukuk* with comparison to its conventional counterparts within the study period. Despite of *sukuk* being financing necessitate for muslims and alternative to non-muslims, the trends reveals in most of the period, growth for *sukuk* and conventional bonds

issuance does not move in parallel, particularly during Asian financial crisis and subprime crisis.

The results evidence different measured of factors in determining value of *sukuk* and conventional bonds issuance in Malaysia. *Sukuk* issuer have high consideration of current economic factors as such GDP, forex and market liquidity in *sukuk* issuance while conventional bonds issuer only consider forex as important factors in its issuance. It implies the concern of *sukuk* issuer in economic conditions and stability in ensuring sustainability of Islamic capital market. As evidence in recent subprime financial crisis 2007/08, *sukuk* are not barred from the impacts of *sukuk* deterioration. However, it is important to note that the effect is considered as less severe compared to conventional bond market. Considering the provision of *sukuk* structure, its fundamental value is more stable and hence less affected during financial crisis. With respect to the crisis, *sukuk* growth decline by 38% in 2008 while conventional bonds issuance top up at almost double the 2007 value. It represent the issuance of conventional bonds is massive regardless current economic conditions, which perhaps leads to future setback in capital and financial market.

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