

Chapter 8

SURVEY FOR THE FEASIBILITY OF IMPLEMENTING ISLAMIC FINANCIAL INSTRUMENTS IN CHINA

To obtain more accurate information on this matter, a survey was carried out in two of the Muslim concentrated regions namely Gan Su and Qing Hai. The survey was designed to study Muslims' attitude and perceptions on general economy of China, their view on the financial market of China, their opinion on the banking industry of China, and their understanding about Islamic banking and finance.

The particular two regions being chosen because steps have being made in these two regions in development of Islamic Finance in China. There were total 100 people had being interviewed and questionnaires being passed to the randomly selected 100 people, after selection only 65 questionnaires can be used. The data was analyzed by SPSS, the frequency result come out as following:

Table8. 1.

China economic development					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not very good	5	7.7	7.8	7.8
	neither good nor bad	22	33.8	34.4	42.2
	fairly good	33	50.8	51.6	93.8
	very good	4	6.2	6.3	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

More than 90% of the respondents are satisfied with economic development of China. This is very obvious owing to the rapid improvement of their living standard. Such positive economic prospect is useful to encourage more risky

and higher return investment. The profit-loss sharing instruments are more easily to implement in growing economic situation.

Table 8.2.

keep 7.8% gdp growth rate					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very impossible	1	1.5	1.6	1.6
	somewhat impossible	4	6.2	6.3	7.9
	somewhat possible	32	49.2	50.8	58.7
	very possible	23	35.4	36.5	95.2
	extremely possible	3	4.6	4.8	100.0
	Total	63	96.9	100.0	
Missing	System	2	3.1		
Total		65	100.0		

This table further enhances the previous conclusion, despite of slowdown of world economy the large majority of respondents are still very confident to the growth target set by China government. Such confidence can boost domestic consumption and stimulate the economy. Again the confidence to the future earning will enable people to make more in investments, including investments by using Islamic financial instruments.

Table8. 3.

Impact of WTO accession					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	do not know	7	10.8	11.1	11.1
	loss more than gain	4	6.2	6.3	17.5
	gain more than loss	52	80.0	82.5	100.0
	Total	63	96.9	100.0	
Missing	System	2	3.1		
Total		65	100.0		

WTO accession will benefit China a lot in terms of winning international investment confidence and helping China to be a more liberate international player. The already popular Islamic financial instruments can also take this opportunity to get ground in China.

Table8. 4.

future economic challenge					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	others	2	3.1	3.1	3.1
	balancing the regional development gap	19	29.2	29.2	32.3
	privatization	3	4.6	4.6	36.9
	political stability	8	12.3	12.3	49.2
	consumer confidence	2	3.1	3.1	52.3
	reform soes	7	10.8	10.8	63.1
	creat job for retrenched workers	12	18.5	18.5	81.5
	increase export	5	7.7	7.7	89.2
	currency stability	7	10.8	10.8	100.0
	Total	65	100.0	100.0	

Because the survey took place in North-West part of China, people there are naturally feel the economic development gap between those regions and more developed coastal regions. Such development disparity has caused political instability in some regions of China. China can not afford any political instability now therefore, it has to find ways to settle this problems. Although China has started to develop its West regions, people can feel that it is a great challenges the government has to take to make the plan successful. Create jobs to the retrenched workers posed another challenge to China. Despite of these challenges people are still confident to government policies.

Table8. 5.

satisfaction to the economic share					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very unsatisfied	4	6.2	6.3	6.3
	somewhat unsatisfied	23	35.4	36.5	42.9
	neither satisfied nor unsatisfied	21	32.3	33.3	76.2
	somewhat satisfied	14	21.5	22.2	98.4
	very satisfied	1	1.5	1.6	100.0
	Total	63	96.9	100.0	
Missing	System	2	3.1		
	Total	65	100.0		

Although the overall economic cake is enlarging, people in North-west region are generally not satisfied with their share of the cake. This dissatisfaction

may be taken as a positive motivation for people to strive for obtaining a bigger share in the national economy. In the cause of reaching this aim they may find ways to make their wealth grow, Islamic instruments may help them to improve their earnings.

Table8. 6.

economic reform should continue					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	1	1.5	1.6	1.6
	neither agree nor disagree	7	10.8	10.9	12.5
	agree	38	58.5	59.4	71.9
	strongly agree	18	27.7	28.1	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

More than a half of the respondents are supporting the economic reform taking by the Chinese government. This is in consistence with their overall view on the country's economic development. Pro reform attitude will make them more ready to try new things. The financial reform of China may provide more conducive environment for Islamic financial products.

Table8. 7.

financial market infrastructure					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not good at all	2	3.1	3.1	3.1
	not very good	12	18.5	18.5	21.5
	neither good nor bad	38	58.5	58.5	80.0
	fairly good	13	20.0	20.0	100.0
	Total	65	100.0	100.0	

In contrast to general economy, the respondents do not consider that the current financial infrastructures of China are good. Giving the problematic stock markets, the nearly insolvent banking industry, and inactive debt markets of China it is only natural for them to have such feeling. Unhappiness

promotes changes, hence advocate for more financial instruments will pave way for Islamic financial products.

Table8. 8.

Interested in investing in China					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not interested at all	3	4.6	4.8	4.8
	not very interested	20	30.8	31.7	36.5
	very interested	34	52.3	54.0	90.5
	extremely interested	6	9.2	9.5	100.0
Total		63	96.9	100.0	
Missing	System	2	3.1		
Total		65	100.0		

Despite of dissatisfaction to the financial market infrastructure, most of the respondents however, are interested in investing in China. This may only show their desire to do investment. Since many of them have no any experience of investment they want to try new things. This also means that they are quite bullish to China market. Such desire is needed to promote Islamic financial instruments.

Table8. 9.

using of banking services					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	never use banking service so far	13	20.0	20.3	20.3
	have use banking service	51	78.5	79.7	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

This table shows that despite of Muslims' unhappiness with the interest bearing banking services, banking has become an inseparable activity of most Muslims in China.

Table 8.10.

type of banking services used					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	others	3	4.6	4.6	4.6
	information consultation	3	4.6	4.6	9.2
	Letter of credit	2	3.1	3.1	12.3
	fund transfer	10	15.4	15.4	27.7
	saving	36	55.4	55.4	83.1
	ATM	4	6.2	6.2	89.2
	loan	7	10.8	10.8	100.0
	Total	65	100.0	100.0	

From this table we can see that most of our respondents using banks for saving and business convenience. Muslims are the main players of the commercial markets in North West of China. Many of Muslims are active in trans-provincial business, their mobile life style will depend banks for keep and transferring money.

Table 8.11.

quality of the banking services					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	bad	7	10.8	10.8	10.8
	fair	34	52.3	52.3	63.1
	good	23	35.4	35.4	98.5
	very good	1	1.5	1.5	100.0
	Total	65	100.0	100.0	

From this table we can see our respondents are generally felt that the service quality of the local banks is quite good. This may due to the limited banking services needed by them, or may be they have no much idea about what consist of a quality bank. The shrinking capital base in most banks in China has forced the banks to compete for depositors hence the services offered are improving also.

Table 8.12.

are you satisfied with the banking services					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	never	2	3.1	3.1	3.1
	rarely	8	12.3	12.5	15.6
	sometimes	38	58.5	59.4	75.0
	often	16	24.6	25.0	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

This table further proves that most Muslims' are satisfied with the current bank services. This is actually a good thing, since the general confidence and satisfaction to the banking industry as a whole will be associated in Islamic banking services hence it is helpful to introduce the Islamic financial instruments.

Table8. 13.

keeping money in the bank is safe					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	2	3.1	3.1	3.1
	somewhat disagree	10	15.4	15.4	18.5
	somewhat agree	15	23.1	23.1	41.5
	agree	35	53.8	53.8	95.4
	strongly agree	3	4.6	4.6	100.0
Total		65	100.0	100.0	

For the time being there is no private banks in China, all state-owned banks are directly or indirectly protected by the government from insolvency. Therefore, it is not surprising that 80% of our respondent think that money kept in banks is secure and safe. This also shows their confidence to the banking industry as a whole.

Table 8.14.

purpose of using banks					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	others	2	3.1	3.1	3.1
	investment	1	1.5	1.6	4.7
	loan	5	7.7	7.8	12.5
	safe keeping of money	28	43.1	43.8	56.3
	future consumption	5	7.7	7.8	64.1
	business convenience	23	35.4	35.9	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

This table can reconfirm the previous assumption that Muslims using bank for security reason and business convenience. Bank deposit is not looked as a form of investment. Some Muslims even returned the interest earned on their deposits to the banks to clean their money and to get better service from the bank. Safety and convenience are two of the most important factors of using banks so the Islamic banking practice such as Al-Wadia' (safe-keeping) will likely get ground in Muslims' area.

Table8. 15.

biggest challenger to the banks in China					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	create more financial instrumnets	13	20.0	22.0	22.0
	domestic and international competition	21	32.3	35.6	57.6
	fund management	5	7.7	8.5	66.1
	attract fund	6	9.2	10.2	76.3
	solve problem of NPL	8	12.3	13.6	89.8
	independent operation	6	9.2	10.2	100.0
	Total	59	90.8	100.0	
Missing	System	6	9.2		
Total		65	100.0		

Most of our respondent felt that the biggest challenge to the banks in China is the international challenges. This is quite obvious, by the year 2005 China will open its local currency banking services to foreign banks and foreign banks

will get the local banks' statues. the local banks therefore has to "fight" their foreign counterpart without the cover from the government.

Table8. 16.

view on bank privatization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no idea	12	18.5	19.4	19.4
	oppose	19	29.2	30.6	50.0
	support	31	47.7	50.0	100.0
	Total	62	95.4	100.0	
Missing	System	3	4.6		
Total		65	100.0		

This table shows that half of our respondents are support privatization of banks in China. There is surprisingly high percent of respondent who oppose banking privatization and still there is 20% of respondent who have no idea on this matter. This mixed finding reveals their anxiety over the private banking services. those who support hoping for better services, those who oppose afraid of security of their deposit without government guarantee. This post challenges to the Islamic financial services, how to convince them in terms of security and better quality

Table 8.17.

attitud towards new banking services					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	never try	8	12.3	13.1	13.1
	try after most people have used	21	32.3	34.4	47.5
	wait others use first	17	26.2	27.9	75.4
	try as soon as possible	15	23.1	24.6	100.0
	Total	61	93.8	100.0	
Missing	System	4	6.2		
Total		65	100.0		

This table shows that most of our respondents are risk averse, one third of people will not try any new financial service until most of people have used it, 26% of respondent will see others use first. This finding reveals us that when

introducing any new financial product the initiator has to design the product in a way that reduces the anxiety and uncertainty of the users. Since Islamic financial instruments are relatively risky, the launching of such products must be done after the all necessary homework has being done. The nature of the product, the necessary risk, the expected return, the payback period etc all have to carefully analyzed and put in the knowledge of the users.

Table8. 18.

most faverate investment option					
		Frequency	Percent	Valid Percent	Cumulativ e Percent
Valid	do not invest	7	10.8	10.9	10.9
	venture capital	8	12.3	12.5	23.4
	real estate	24	36.9	37.5	60.9
	futures	2	3.1	3.1	64.1
	stock market	3	4.6	4.7	68.8
	unit trust	2	3.1	3.1	71.9
	government securities	5	7.7	7.8	79.7
	bank saving interest	13	20.0	20.3	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

Despite of conservative attitude towards new banking services, most of the respondents have put real estate investment as their most favorable investment. This may be due to the reason that other options are not readily available in those areas and the real estate investment still has quite good return, and can generate relatively stable earnings. The values of the land, office units, and housingg are appreciating. People invest in real estate in Muslim concentrated North West of China for the purpose of protecting the long term value of their wealth rather than short term return. This phenomena is especially true to Muslims.

Table 8.19.

expected period for investment return					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	more than 5 years	2	3.1	3.2	3.2
	5 years	1	1.5	1.6	4.8
	3 years	10	15.4	16.1	21.0
	1 year	20	30.8	32.3	53.2
	6 months	11	16.9	17.7	71.0
	3 months	11	16.9	17.7	88.7
	1 month	7	10.8	11.3	100.0
	Total	62	95.4	100.0	
Missing	System	3	4.6		
Total		65	100.0		

This table indirectly surveys the respondents' risk perception. The data reveals that most of our respondents are risk averse and expect fast return on their investment. 80% of the respondents want to have return on their investment within one year. This is a big challenge to the Islamic financing services, since most of the equity based finances have longer payback period and requires longer time for return. Design Shariah compliance short term financial instruments are therefore crucial.

Table 8.20.

desire of control over the investment					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	do not want control	2	3.1	3.2	3.2
	a little control	4	6.2	6.5	9.7
	moderate control	21	32.3	33.9	43.5
	great control	27	41.5	43.5	87.1
	absolute control	8	12.3	12.9	100.0
	Total	62	95.4	100.0	
Missing	System	3	4.6		
Total		65	100.0		

this table reveals another aspect of the respondents risk perception. As data shows that 43.5% of the respondents need great control over their investment. 12.9% need absolute control, and 33.9% need moderate control. From the data we can conclude that people are risk averse and they not really

rust the fund managers who manage their money. So the Islamic Mudharabah financing which mainly based on trust faces serious challenges here. Musharakah financing therefore is more appropriate, since it allow the capital owner to participate in the actual running of business and intervene whenever necessary.

Table8. 21.

knowledge on islamic bank					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	do not know	16	24.6	24.6	24.6
	bank operate under the guidance of Islamic law	30	46.2	46.2	70.8
	bank that pays no return to the capital	1	1.5	1.5	72.3
	bank without interest	8	12.3	12.3	84.6
	bank like other banks	10	15.4	15.4	100.0
	Total	65	100.0	100.0	

This table shows that most Muslims in North west of China have basic knowledge on Islamic banks. Although still a lot of Muslims have no idea what is an Islamic bank. Such understanding has paved some way for launching of Islamic financial instruments there. Educating the mass is still a essential work.

Table8. 22.

willingness to share profit and loss with bank					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not willing	15	23.1	24.2	24.2
	share profit or loss given that the principal can be secured	26	40.0	41.9	66.1
	willing to share profit but not loss	8	12.3	12.9	79.0
	willing	13	20.0	21.0	100.0
	Total	62	95.4	100.0	
Missing	System	3	4.6		
	Total	65	100.0		

This table shows that 42% of the respondents are willing to share profit with the bank provided that the bank can at least secure their principal. 21% willing to share profit as well as losses. And 24.2% are not willing to share profit and losses with the bank. Form the previous table and this table we can see that although the Muslims in China know the basics of Islamic bank, they however, are not very confident to the banks ability to generate profit.

Table8. 23.

next nearest investment will be in					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	others	6	9.2	9.5	9.5
	share market	2	3.1	3.2	12.7
	my or children's education	27	41.5	42.9	55.6
	business	10	15.4	15.9	71.4
	buying house	11	16.9	17.5	88.9
	buying car	6	9.2	9.5	98.4
	buying durable home appliances	1	1.5	1.6	100.0
	Total	63	96.9	100.0	
Missing	System	2	3.1		
Total		65	100.0		

This data collected to check the nearest investment intention of the Muslims in our surveyed areas. Surprisingly, 43% of the respondents are planning to invest in their children's education, and 17.5% intending to buy house, 15.9% are thinking about investing in business. Very small percent of respondents want to buy durable home appliances indicating most of the Muslims have already had durable home appliances. From here we can see that most of the Muslims are struggling for long term investments rather than for consumption. The implication to the Islamic financing will be focusing on business financing rather than consumer financing.

Table8. 24.

banks should give some interest free loan to needy people					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	1.5	1.6	1.6
	disagree	1	1.5	1.6	3.1
	somewhat disagree	1	1.5	1.6	4.7
	somewhat agree	4	6.2	6.3	10.9
	agree	26	40.0	40.6	51.6
	strongly agree	31	47.7	48.4	100.0
Total		64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

Referring to banks social duty more than 80% of the respondents agree that banks should give some interest free loan to the needy people. This indirectly shows the responsiveness of the Muslims to the social construction, and may shows that Muslims accept that some of their deposits are loaned to needy people interest free.

Table8. 25.

profit-loss sharing or fixed return choice					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	prefer profit loss sharing	18	27.7	30.5	30.5
	prefer fixed return	41	63.1	69.5	100.0
	Total	59	90.8	100.0	
Missing	System	6	9.2		
Total		65	100.0		

This table shows that 2/3 of our respondents prefer investment with fixed return. About 1/3 prefer profit and loss sharing investment. Hence, Islamic instruments with fixed return, such as Murabahah and Islamic debt instruments, will be more favored.

Table 8.26.

purpose of muslims' saving money					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	others	8	12.3	12.5	12.5
	for religious matter	11	16.9	17.2	29.7
	for social welfare	3	4.6	4.7	34.4
	inheritance to children	7	10.8	10.9	45.3
	for raining days	11	16.9	17.2	62.5
	for the better future life	24	36.9	37.5	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

This table shows that 36.9% of the respondents think that Muslims in China saving money is for future better life, both for religious matter and for raining days occupies 16.9%. while the religious purpose mostly is for pilgrimage.

Table 8.27.

you are working in the field of					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	scientific work	1	1.5	1.7	1.7
	medical and health	6	9.2	10.2	11.9
	banking and insurance	2	3.1	3.4	15.3
	police or army	1	1.5	1.7	16.9
	civil servant	14	21.5	23.7	40.7
	business	18	27.7	30.5	71.2
	education	15	23.1	25.4	96.6
	agricultural and farming	2	3.1	3.4	100.0
	Total	59	90.8	100.0	
Missing	System	6	9.2		
Total		65	100.0		

This table shows that 30.5% of our respondents are businessman, 25.4% are in teaching and education field. And 23.7% are civil servants. The relatively high percentage of business profession is not surprising since Muslims are already well known by the active participation in business and commerce. However, the big number of people who took educational as profession is really surprising.

Table8. 29.

you age is					
		Frequency	Percent	Valid Percent	Cumulativ e Percent
Valid	above 56	2	3.1	3.2	3.2
	46-55	1	1.5	1.6	4.8
	36-45	15	23.1	23.8	28.6
	20-35	42	64.6	66.7	95.2
	below 20	3	4.6	4.8	100.0
Total		63	96.9	100.0	
Missing	System	2	3.1		
Total		65	100.0		

Most of our respondents are young to middle aged groups, they are the main income earners, and they have strongest purchasing power in the society. They also have strong desire to try new things, therefore Islamic financing more appealing to them than other age groups.

Table 8.30.

what best describe your rellious believe					
		Frequency	Percent	Valid Percent	Cumulativ e Percent
Valid	others	2	3.1	3.1	3.1
	Islam	52	80.0	81.3	84.4
	no specific religion but believe supernature	4	6.2	6.3	90.6
	no religion believe myself	6	9.2	9.4	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

80% of our respondents are Muslims. This may be caused by two reasons, one is that our survey took place in Muslim concentrated areas, another is that the none Muslims do not return the questionnaires given to them.

Table 8.31.

the monthly income					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	none of your business	2	3.1	3.1	3.1
	3001-4000	1	1.5	1.6	4.7
	2501-3000	3	4.6	4.7	9.4
	1801-2500	1	1.5	1.6	10.9
	1201-1800	2	3.1	3.1	14.1
	501-1200	36	55.4	56.3	70.3
	300-500	16	24.6	25.0	95.3
	below 300	3	4.6	4.7	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

Most of the respondents generally earn an average income. However, the relatively lower price level in inland China means Muslims relatively enjoy better life.

Table 8.32.

your nationality					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	non-muslim minority nationality	1	1.5	1.6	1.6
	muslim minority nationality	49	75.4	79.0	80.6
	non-muslim Han nationality	9	13.8	14.5	95.2
	muslim Han nationality	3	4.6	4.8	100.0
	Total	62	95.4	100.0	
Missing	System	3	4.6		
Total		65	100.0		

This table shows that 79% of our respondents are Muslims minority nationalities, 14.5% are non-Muslim Han nationality. The 4.8% Muslim Han nationality reveals that there are some Muslims who were Han nationality(usually non-Muslim) and embraced Islam. (the government does not allow people to change their nationality)

Table 8.33.

educational background					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PH.D	1	1.5	1.7	1.7
	Post graduate	1	1.5	1.7	3.3
	undergraduate	3	4.6	5.0	8.3
	diploma	7	10.8	11.7	20.0
	secondary school	31	47.7	51.7	71.7
	primary school	17	26.2	28.3	100.0
	Total	60	92.3	100.0	
Missing	System	5	7.7		
Total		65	100.0		

51.7% of our respondents had secondary school education, and almost 30% only had primary schooling. Therefore, Muslims in North West of China are left behind in terms of education. This is why our previous table shown most of them want to make nearest investment on their children's education. Muslims have become the main donators to the schools and colleges in their regions.

Table8. 34.

your current working place					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	North-West of China	52	80.0	92.9	92.9
	other place	4	6.2	7.1	100.0
	Total	56	86.2	100.0	
Missing	System	9	13.8		
Total		65	100.0		

Our survey took places in North West of China, hence 92.9% of the respondents are working in those areas. While 7.1% of the respondents are working other places.

Table 8.35.

the monthly income * profit-loss sharing or fixed return choice Crosstabulation				
Count		profit-loss sharing or fixed return choice		Total
		prefer profit loss sharing	prefer fixed return	
the	none of your business	1	1	2
monthly	2501-3000		3	3
income	1801-2500		1	1
	1201-1800		2	2
	501-1200	8	24	32
	300-500	7	8	15
	below 300	1	2	3
Total		17	41	58

Outs of 58 respondents 41 people or 70% prefer fixed return and 17 people or 30% prefer profit loss sharing. Among these 58 respondents, the high income and upper medium income groups more prefer fixed return while the medium and low income groups prefer profit and loss sharing. This is quite the phenomena in China now, the high earning groups rely heavily on fixed interest earnings since their saving is big and the interest earn is quite substantial. Many people once accumulated certain amount of money then has no interest to work any more, let along doing the brain-consuming investment, the fixed interest can provide them the needed expenses for living. The government has noticed this and come out all sort of motivation programs to induce these people to put their effort in the social and national development. On the other hand the poor earning groups need to find means for living, their saving is relatively much less and the interest rate offered by banks in China is very low now, therefore the interest earnings is very minimum. Moreover, since the poor earning groups have relatively small capital to invest, the risk involved is also small therefore it is understandable that they prefer profit-loss sharing type of investment over fixed interest earning.

Table 8.36

educational background * profit-loss sharing or fixed return choice Crosstabulation				
Count				
		profit-loss sharing or fixed return choice		Total
		prefer profit loss sharing	prefer fixed return	
educational background	P.H.D		1	1
	Post graduate	1		1
	undergraduate	1	2	3
	diploma	1	6	7
	secondary school	11	18	29
	primary school	3	12	15
Total		17	39	56

This table shows in terms of educational background still more people prefer fixed return. Among 56 respondents about 70% or 39 respondents prefer fixed return and 30% or 17 of the respondent prefer profit loss sharing. There is no clear difference between highly educated group and low education group in terms of preference to the profit-loss sharing investment model.

Table 8.37

what best describe your religious believe * profit-loss sharing or fixed return choice Crosstabulation				
Count				
		profit-loss sharing or fixed return choice		Total
		prefer profit loss sharing	prefer fixed return	
what best describe your religious believe	others		2	2
	Islam	12	36	48
	no specific religion but believe supernature	3		3
	no religion believe myself	2	3	5
Total		17	41	58

With regard to the preference of profit-loss sharing investment model by different religious groups, our survey shows that Muslims and free thinkers are more prefer PLS model while other religious followers prefer the fixed return.