

THE LEVEL OF ACCEPTANCE ON THE IMPLEMENTATION OF GOLD DINAR WITHIN MSC COMPANIES

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Abstract

People around the world are now in the process of rethinking the nature, functions and stability of fiat money as a medium of exchange. In the process of overcoming the problem, universal currency (gold Dinar) is proposed to be implemented in the near future. the implementation of the universal currency might affect the Malaysian Multimedia Super Corridor project (MSC), which involves world-class companies from all around the world. This paper is an exploratory research on the issues involving the MSC projects and Gold Dinar such as the level of acceptance of the MSC companies towards the implementation of Gold Dinar, the level of export and import of the MSC companies and the payment methods being used. This paper will progress to find the reasons of why the MSC companies accept the Gold Dinar as an international currency and also the reasons why the reject the proposals.

Keyword: Gold Dinar, Multimedia Super Corridor

An Introduction

Gold Dinar as a medium of currency has become an interesting issue being discussed in any international conferences; local seminars; academic classrooms and also in the coffee shops. It is inevitable that people are looking forward for the implementation of the Gold Dinar to replace the functions of the US dollars in the international trade while maintaining the local currencies for local uses as suggested by the Malaysian Prime Minister, Dato' Seri Dr Mahathir Mohamad. Many are also hoping that the usage of the Gold Dinar could also be extended to domestic uses as the Dinar has a proven history and relationship in the payment of zakat².

A movement or a group of people calling them the "Murabittun" initiates the comeback of Gold Dinar in 1995. Resulting from the Asian financial 1997 people started looking up to the idea of the Gold Dinar. As people are becoming aware on the stability of gold in its prices, which has an intrinsic value as a medium of exchange, there are voices of demands that could be heard for the Gold Dinar to be used in domestic trade. However, the

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² Zakat is the third pillar in Islam

Malaysian government after evaluating the consequences of implementing the Gold Dinar as a medium of exchange for domestic use suggested that, the use of Gold Dinar as an international medium of exchange is more appropriate. Some of the reasons could be

1. Changing absolutely the fiat money or paper money to Gold Dinar could affect one economy if it is not done correctly.
2. Promoting Gold Dinar as an international trade could promote trade among OIC countries.
3. The platform for the unity of the OIC countries using Gold Dinar as an international trade as the European countries with the Euro currency.
4. To avoid a massive disrupts to the overall economy because as the demand of Gold increases the prices of other commodities will decrease.

The reasons stated above could be the major hindrances of the Malaysian government to implement it for local use therefore the suggested implementation of Gold Dinar will be done part-by-part starting with the Gold Dinar being used as a medium of international trade within a small group of participating countries.

Currently, Malaysia is suggesting the Bilateral Payment Arrangement (BPA)³ as the mechanism of the Dinar system. This suggested system would not leave out the role of central banks and the commercial banks of the participating countries. As one of the major players in the economy, the central banks and the commercial banks of the participating countries would extend their letter of credit and other trade financing facilities to the exporters and importers.

If the BPA succeed in promoting trade among the participating countries, Multilateral Trade Arrangement (MPA)⁴ will replace the BPA. This is however depending on the level of acceptance of Dinar usage among the OIC countries. In the process of the implementation, rigorous studies and research have been done and are being done by academicians, government agencies, the Gold Dinar supporters and industrial practitioners. This is to ensure the efficiency of paradigm shift at all levels beginning from top downward. In order to be able to understand the Gold Dinar concept, one must set his or her mind to the other side of the wall such that instead the gold price changes compare to fiat money, fiat money changes while the price of gold is constant. This could make it a lot easier for any new readers or researchers in trying to understand that the stability of the gold prices one of the major factor or contribution towards it coming back as a medium of exchange.

In trying to find out the level of acceptance of the Malaysian willingness to use the Gold Dinar, a survey has been conducted to a sample of 65 MSC companies.

Multi Super Corridor (MSC)

³ BPA – Trading with two countries using Gold Dinar as the currency denomination

⁴ MPA – This is an extended version of the BPA but it will consist more than two countries trading with each other using Gold Dinar as the currency denomination.

The Multimedia Development Corporation or MDC was established in 1996 by the Government of Malaysia as the agency to spearhead the development and implementation of the Multimedia Super Corridor (MSC). It is a government-owned corporation designed as a highly responsive "one-stop super shop" to facilitate the processing of applications from multinational and Malaysian companies seeking to locate their within the MSC environment.

In overseeing the implementation of the MSC, the Multimedia Development Corporation will market the MSC globally, shape MSC-specific laws, policies and set standards for the MSC's information infrastructure and urban development.

In facilitating the establishing of company operations within the MSC, the MDC will serve as champion, facilitator and partner. As a performance-oriented, client-focused agency, it endeavors to cut through the proverbial bureaucratic red tape to provide timely information and good advice, expedite permit and license approvals, and introduce companies to potential local partners and financiers.

MDC guarantees a 30-days turnaround for applications, coaching companies through the application process. For most business requirements, MSC companies need not seek approval from other government agencies but need apply only to the MDC. Headed by a Chief Executive Officer, a Board of Directors and a management team, the MDC is actively supported by the leadership particularly the Prime Minister YAB Dato Seri Mahathir Mohamad who has taken a keen interest in Multimedia developments in the country.

Corporate Mission of Multimedia Development Corporation is dedicated to ensuring that the MSC is the world's best environment to harness the full potential of multimedia. It is also committed to proactively collaborate with government and companies for mutual enrichment by:

❖ **Shaping a world leading Environment**

- Continuously review the bill of Guarantees and ensure its implementation in both spirit and letter.
- Actively assist Government to pioneer, develop and update cyberlaws, formulate policy, and modify practices to provide a sound framework for MSC.
- Ensure the Open Multimedia Network provides the required bandwidth and quality at globally competitive tariffs with cost-effective interconnection for value-added Services.
- Ensure the timely development top quality physical infrastructure to provide a balanced living and working Environment.

❖ **Attracting nurturing leading-edge and world-class companies**

- Attracting world-leading multimedia companies with a distinctive package of benefits.
- Foster the development of "web" based collaboration in the MSC, Malaysia and globally.
- Catalyze and nurture local companies and SMEs to become global players by forging successful smart partnerships between Malaysian and International companies.
- Develop Flagship Application to create value for Malaysia and for the leading multimedia companies that participate.
- Realize the promise of mutual enrichment by making it easy and cost effective for companies to do business in the MSC.

❖ **Facilitating knowledge transfers and wealth creation**

- Catalyze a transformation on how companies, governments and countries can collaborate to share knowledge and create wealth.
- Promote technology and knowledge development in the MSC through incentives for commercial R&D and through the establishment of leading incubation centers.
- Enhance domestic productivity through making multimedia products and services available to other sector of the economy.
- Facilitate innovation and entrepreneurship by supporting the development of a financial infrastructure that provides venture capital and public listings for smaller companies.
- Support the development of skilled IT resource by facilitating IT learning across all age groups, producing international exchange programs and by supporting a National Services Program.
- Build the MSC into a regional center for fostering IT knowledge sharing by encouraging events, seminars and dialogues.

❖ **Building a well-mandated, value-based, highly-effective institution**

- Proactively delight our clients by regularly measuring and improving their level of satisfaction in a seamless and consistent way.
- Build strong, sustainable relationships with companies, government agencies, and international organizations.
- Inspire our employees to achieve their full potential as a high performing team with core value of integrity, professionalism and a commitment to continuous learning in a happy, family environment.

- Ensure the MDC becomes self-financing in a manner consistent with our core value.
- Develop, maintain and integrate our core resource - people, process, and technology - through innovation and creativity.

As of 23rd June 2003, there are 892 MSC Status Companies. Their breakdown is as follows:

Approved 892 MSC Companies by sectors as of June 23rd, 2003



Gold Dinar and MSC

The creation of an Islamic Currency will be a major step for the unity of Islamic countries especially for the members of the OIC countries. Furthermore it is predicted to be the catalyst for the members participating countries to increase bilateral trade and reduce the disaster that associated with fiat money. Speculation, Aggregation of wealth in a few hands, economic instability and manipulation are examples of what fiat money could do to us. Abraham Lincoln once mentioned his worries about the fiat money.

"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country; corporations have been enthroned, an era of corruption in High Places will follow, and the Money Power of the Country will endeavour to prolong its reign by working upon the prejudices of the People, until the wealth is aggregated in a few hands, and the Republic is destroyed."(Abraham Lincoln)

Since Malaysia would be implementing the Dinar system in 2003, many companies in Malaysia will have to anticipate in its process. The Multimedia Super Corridor world-class companies would also be affected since many of the companies import from and/ or export to other countries. Even though

some of the companies might not involve trading with the six⁵ other countries, which agreed to the Dinar system, it is essential for the world-class companies to anticipate to this system. This is because with anticipating to the system the companies could either reduce the risk associated with currency risk or grab any opportunities arises from this system.

A lot of issues arise prior to the implementation of the Gold Dinar. Public would ask if the gold Dinar is practical to be used due to its mobility. They would also like to know if an e-commerce could be done using the gold Dinar. If the gold Dinar is to be implemented, who is authorized to mint the gold Dinar? What are the standard of gold and its precision, and what the legal authorities have to say about this system? With these issues in hand, we believe our research could contribute in answering some of the issues being raised.

Research Objectives

1. To identify the major trading currencies used by the MSC companies.
 - i. Ho = No difference comparing the total export and trading currency used
 - ii. Ho = No difference comparing the total import and trading currency used
2. To identify the method of payment used by the MSC companies.
 - i. Ho = No Difference comparing total export and payment method being used
 - ii. Ho = No Difference comparing total import and payment method being used
3. To determine whether hedging is used by the MSC companies for import and export and the types of hedging being used.
4. To identify the percentage of MSC companies who are willing to use Dinar as a medium of trading currency.

Research Methods

In this study, the level of awareness of the respondents to the Gold Dinar and their willingness to use the system are measured against three different dimensions, which are:

1. The company's demographic profiles
2. International finance and,
3. Knowledge on Gold Dinar.

The survey contains questions with aims to get the MSC entrepreneurs' point of views on certain issues. The information was obtained from structured questionnaire, which was sent to respondents through a website.

With the advance of ICT, the authors managed to get 65 respondents to answer the questionnaires. The sample consists of 11.20 percent of the 580 MSC companies listed in the MDC website. The number of respondents was 7.92 percent of the MSC companies as to date.

⁵The six countries are Turkey, Bahrain, Sudan, Libya, Iran and Morocco

As this is an exploratory study, there are obviously many limitations. One of the main limitations is many respondents did not complete the answers. The reason probably due to the nature of the research conducted using a web based system. However, the researchers are satisfied with the overall number of respondents, as this is our first attempt-using web based research. The other major limitation is the email addresses as published in the MDC website are outdated and the respondents could not be reached by emails. For a better result, we are also planning to do the same research using snail mails in the future.

Results

Analysis of Surveys

The questionnaire consists of four major sections i.e. section A, B, C, and D. The first section is the information regarding respondent profile followed by the company's demographic profile section, international finance section and lastly the gold Dinar awareness section. The data were analysed using SPSS 10.0 and no highly technical statistics are used since this is an exploratory research. The main technique used is descriptive technique.

Findings

Respondents

Information about the respondents is gathered to evaluate their authority in the company in making any business decision. This is to reflect the overall accuracy of the respondents' answer in representing the MSC companies. The information about the respondents could be described as follows:

1. Position in the company:

Table 1 in the appendix 1 exhibits that the largest respondents come from upper-upper management with a total of 27 respondents or consist of 41.5 percent from the total respondents followed by owner and middle management consists of 15 percent evenly. The upper middle management consists about 12.3 percent from the total respondents.

2. Age:

Table 2 in the appendix 1 exhibits that approximately 44.6 percent of the respondents come from the group range from 31 to 40 years old followed by the group range from 41 to 50 years old (24.6 percent). There are also approximately 13.8 percent come from the group range of above 51 years old and only two and 9 respondents come from the age of below 25 and 23 to 30 years old respectively.

3. Numbers of years with the company.

Table 3 in the appendix 3 exhibits that the high concentration in the number of years in the company of the respondents is in the range of 3 to 5 years (30.8 percent). 24.6 percent of the respondents are in the range from 2 to 3 years and 23.1 percent of the respondents fall into the 1 to years range. The remaining 14 percent are divided evenly to the range from 5 to

10 years and above ten years. The establishment of the MSC projects in 1996 might cause the largest concentration of respondents serving the MSC companies is between the range from 3 to 5 years.

A. To identify the major trading currencies used by the MSC companies.

Based on the table 4 in appendix 2, we have identified that out of 65 companies, almost 70 percent of the companies use US Dollar as the trading currency. Another 13.2 percent of the MSC companies use Malaysian Ringgit and Euro Dollar. The remaining 3.8 percent of the companies use other currencies such as British Pound, Singaporean Dollars, and Australian Dollars. There are three major currencies identified i.e. US Dollar, Malaysian Ringgit and Euro used as a trading currency. It is found that out of 37 companies that use US Dollar as their trading currency, 10 companies come from the Software Development – Business Application and 9 companies from Engineering Specialized Applications Sectors (Please Refer to Table 5).

69.7 percent of Malaysian owned companies use US Dollar as their trading currency outnumbered other currencies such as Euro and Malaysian Ringgit (12.1%) respectively and other currencies (6.1%). 92.3 percent of Foreign owned companies choose US Dollar leaving one company-using Euro. Joint Venture companies show stability in which 50 percent use US Dollar and the other half use Ringgit Malaysia. Surprisingly, None of the World-Class companies uses US Dollar. 66.7 percent use Euro and the rest use Ringgit Malaysia. This is due to none of the World Class companies is based in the US i.e. Companies from Philippine, Japan and Europe (Please refer to table 7, Appendix 4).

As for table 13 in appendix 9 shows that there is no difference in the usage of the trading currency between whether the MSC companies are exporting or importing. The result shows that the export level is 0.813 and the import level is 0.064, which is insignificant.

Ho = No difference in the trading currency used whether it is for export or import.

Hi = No difference in the trading currency used whether it is for export or import.

B. Method of Payment used by MSC Companies

Approximately 59.6 percent of the MSC companies use telegraphic transfer as the method of payment. Payment using banking Letter of Credit/ Bank Guarantee facility has a lower percentage, that is 19.2 percent. Account transfer is the least favourite payment method used by the MSC companies (Please refer to table 8, Appendix 5).

In detail, 50 percent of the Malaysian owned companies use telegraphic transfer. Only 21.9 percent use the banking facility such as letter of credit and bank guarantee. 15.6 percent of the Malaysian owned companies use account transfer as a method of payment. In comparison to the other status MSC companies, 76.9 percent of the foreign owned companies use telegraphic transfer, 75 percent of the joint venture companies use telegraphic transfer and 66.7 percent of the world class companies use telegraphic transfer.

Based on table 10 from Appendix 6, it is found that, except Philippines based head- quarters company, all other non-Malaysian based head quarters of MSC companies use telegraphic transfer as the method of payment.

46.2 percent of the MSC companies are not involved in import activities. This might be the reason why banking letter of credit/bank guarantee as the method of payment is not favourable compared to telegraphic transfer (Please refer to table 11, Appendix 7). 80.7 percent of the companies, which use telegraphic transfer as the method of payment, are involved in export (Please refer to Table 12, Appendix 8). This might because these exporting companies require the importing companies to pay in advance.

Table 13 in appendix 9 shows that there is no difference in the payment method being used whether the MSC companies are either exporting or importing. The result shows that the significance level for total import is at 0.137 and total export is at 0.028. Based on the result, the total exports have significance different in the payment currency being used.

C. To determine whether hedging is used by the MSC companies for import and export and the types of hedging being used.

Based on table 14, Appendix 9, approximately 73.6 percent of the valid (39) respondents use currency hedging in their import and export in order to reduce currency risk. 14 respondents did not use the currency hedging while approximately 12 respondents left the question unanswered.

In addition, approximately 23 out of 33 Malaysian owned companies and 10 out of 13 foreign companies use currency hedging. Almost 75% of Joint venture companies, and all out of three of the world class companies, use currency hedging.

Appendix 10 shows the percentage of the types of hedging being used by the MSC Companies. From our observation, the most accepted types of hedging are forward and the cross currency hedging (6.2 percent) followed by currency options (4.6 percent) while 6.2 percent use other types of hedging.

Table 20, in appendix 10 shows that 53.8 percent of the MSC companies encountered gain or losses from foreign exchange exposures in the previous years. Only 46.2 percent of the MSC companies did not encounter any gain or losses from the foreign exchange exposure. A further analysis on the types of exposures which contribute to the losses or gain derived from transaction exposure (40%), accounting exposure (15.4%), and operating exposure

(3.1%). The remaining 41.5 percent of the MSC companies were unexposed by any of the foreign exchange exposures (Table 21, Appendix 11).

D. To identify the percentage of MSC companies who are willing to use Dinar as a medium of trading currency.

As for this research question, it is vitally important to evaluate whether the MSC companies have a prior knowledge of the gold Dinar itself. From the survey, it was noted that only 55.4 percent of the MSC companies are aware about the gold Dinar (Table 22, Appendix 11). Although this is not showing 100 percent awareness but the numbers represent that, more than half of the respondents know about the government intention and efforts in overcoming the root cause of the currency crisis.

Furthermore, approximately 72.3 percent of the MSC companies support this idea by stating that the implementation of gold Dinar as an alternative universal currency as viable proposal (Table 23, Appendix 11). In addition, only 13.8 percent answered that the idea of Gold Dinar will become a threat to their overall business (Table 24, Appendix 11).

With the implementation of gold Dinar, approximately 43.1 percent of the MSC companies are expecting that the implementation of Gold Dinar would create business opportunities to their overall businesses (Table 25, Appendix 11).

It is found that only 43.1 percent of the MSC companies are willing to use the gold Dinar as an international medium of exchange. The other 20 percent rejected the proposal and 36.9 percent of the MSC companies could not make any decisions.

Summary

Currently, there are approximately 70 percent of the MSC companies, which are involved with import and export activities, use US Dollar as the trading currency.

Should the gold Dinar be implemented, the payment method of trading has to be standardised. The MSC companies, which use telegraphic transfer as a method of payment, will have to change to the banking and letter of credit facilities, as proposed by the Central Bank of Malaysia through BPA system.

The use of gold Dinar in international trade will also reduce the risk of the foreign exchange exposure because the gold price is stable compared to fiat money due to its intrinsic value. It can be concluded that the most popular hedging technique used is forward and cross-currency hedging technique.

It is also expected that new avenues to source funding for the MSC Status Companies from Venture Capital Funding could be in gold Dinar instead of paper money. It is vitally important to attract the Middle Eastern companies because after the September 11 attack, Muslim countries become less attractive to the foreign investors.

Further research must also be conducted in the trade value of the Information Communication Technology (ICT) product and services and its relation to Gold Dinar. The trade value of the ICT products and services will be in Dinar nomination if they are to be marketed overseas and in Ringgit Malaysia if they are to be marketed in Malaysia.

A lot of effort must be done in order to ensure that the Gold Dinar is accepted as an international currency. This could be done by increasing the level of awareness of the exporting and importing companies on the use of gold Dinar that could reduce the currency risk associated with paper money. The MSC companies that are unsure if they should use the Gold Dinar should be given further explanation on the advantages of using gold Dinar. If this portion could be persuaded to use the Gold Dinar, the implementation of Gold Dinar would be one of the trading blocs in the world competing with Euro and US blocs.

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Table 1 : Position

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------------|-----------|---------|---------------|--------------------|
| Valid | Middle Management | 15 | 23.1 | 23.1 | 23.1 |
| | Upper-Middle Management | 8 | 12.3 | 12.3 | 35.4 |
| | Upper-Upper Management | 27 | 41.5 | 41.5 | 76.9 |
| | Owner | 15 | 23.1 | 23.1 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

Table 2: Age

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Below 25 | 2 | 3.1 | 3.1 | 3.1 |
| | 26 - 30 Years Old | 9 | 13.8 | 13.8 | 16.9 |
| | 30 - 40 Years Old | 29 | 44.6 | 44.6 | 61.5 |
| | 40 - 50 Years Old | 16 | 24.6 | 24.6 | 86.2 |
| | Above 50 | 9 | 13.8 | 13.8 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

Table 3: Number of years with the company

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------|-----------|---------|---------------|--------------------|
| Valid | Below 1 Year | 15 | 23.1 | 23.1 | 23.1 |
| | 2 - 3 Years | 16 | 24.6 | 24.6 | 47.7 |
| | 3 - 5 Years | 20 | 30.8 | 30.8 | 78.5 |
| | 5 - 10 Years | 7 | 10.8 | 10.8 | 89.2 |
| | Above 10 Years | 7 | 10.8 | 10.8 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

Table 4: Trading Currency Used By MSC Companies

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|------------------|-----------|---------|---------------|--------------------|
| Valid | US Dollar | 37 | 56.9 | 69.8 | 69.8 |
| | Euro Currency | 7 | 10.8 | 13.2 | 83.0 |
| | Ringgit Malaysia | 7 | 10.8 | 13.2 | 96.2 |
| | Other Currencies | 2 | 3.1 | 3.8 | 100.0 |
| | Total | 53 | 81.5 | 100.0 | |
| Missing | 9 | 12 | 18.5 | | |
| Total | | 65 | 100.0 | | |

Table 5: Tick your major sector * Trading Currency Cross tabulation

| | | Trading Currency | | | | Total |
|------------------------|--|------------------|---------------|------------------|------------------|-------|
| | | US Dollar | Euro Currency | Ringgit Malaysia | Other Currencies | |
| Tick your major sector | Biotechnology/Life Science | 3 | 1 | 1 | 0 | 5 |
| | Consultancy | 1 | 0 | 1 | 0 | 2 |
| | Content Development | 1 | 1 | 0 | 1 | 3 |
| | Education/Training | 1 | 0 | 0 | 0 | 1 |
| | Hardware/Electronic Design | 1 | 1 | 0 | 0 | 2 |
| | Data Center/Support Center/Heavy User | 2 | 0 | 0 | 0 | 2 |
| | Internet Based Business/Application Service Provider | 5 | 0 | 1 | 0 | 6 |
| | Internet Based Business/E-Commerce Service | 1 | 0 | 0 | 0 | 1 |
| | Internet Base Business/Web Hosting | 1 | 0 | 0 | 0 | 1 |
| | Software Development - Business Application | 10 | 1 | 2 | 1 | 14 |
| | Software Dev - Engineering/Specialized Applications | 9 | 3 | 1 | 0 | 13 |
| | Systems Integration | 1 | 0 | 0 | 0 | 1 |
| | Telecommunication/Networking | 1 | 0 | 1 | 0 | 2 |
| Total | | 37 | 7 | 7 | 2 | 53 |

Table 6: Company status * Trading Currency Cross tabulation

| | | Trading Currency | | | | Total | |
|----------------|--------------------------------------|-----------------------|------------------|---------------------|---------------------|--------|--------|
| | | US Dollar | Euro Currency | Ringgit Malaysia | Other Currencies | | |
| Company status | Malaysian Owned (above 51%) | Count | 23 | 4 | 4 | 2 | 33 |
| | | % of Company status | 69.7% | 12.1% | 12.1% | 6.1% | 100.0% |
| | | % of Trading Currency | 62.2% | 57.1% | 57.1% | 100.0% | 62.3% |
| | Foreign Owned (above 51%) | Count | 12 | 1 | 0 | 0 | 13 |
| | | % of Company status | 92.3% | 7.7% | .0% | .0% | 100.0% |
| | | % of Trading Currency | 32.4% | 14.3% | .0% | .0% | 24.5% |
| | Joint Venture (50-50) | Count | 2 | 0 | 2 | 0 | 4 |
| | | % of Company status | 50.0% | .0% | 50.0% | .0% | 100.0% |
| | | % of Trading Currency | 5.4% | .0% | 28.6% | .0% | 7.5% |
| | World Class | Count | 0 | 2 | 1 | 0 | 3 |
| | | % of Company status | .0% | 66.7% | 33.3% | .0% | 100.0% |
| | | % of Trading Currency | .0% | 28.6% | 14.3% | .0% | 5.7% |
| Total | Count | 37 | 7 | 7 | 2 | 53 | |
| | % of Company status | 69.8% | 13.2% | 13.2% | 3.8% | 100.0% | |
| | % of Trading Currency | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

Table 7: Based HQ- Trading Currency

| | | Trading Currency | | | | Total | |
|---------|---------------|-----------------------|---------------|------------------|------------------|--------|--------|
| | | US Dollar | Euro Currency | Ringgit Malaysia | Other Currencies | | |
| Base HQ | Malaysia | Count | 29 | 3 | 6 | 2 | 40 |
| | | % of Base HQ | 72.5% | 7.5% | 15.0% | 5.0% | 100.0% |
| | | % of Trading Currency | 78.4% | 42.9% | 85.7% | 100.0% | 75.5% |
| | | Count | 6 | 2 | 0 | 0 | 8 |
| | Europe | % of Base HQ | 75.0% | 25.0% | .0% | .0% | 100.0% |
| | | % of Trading Currency | 16.2% | 28.6% | .0% | .0% | 15.1% |
| | North America | Count | 1 | 0 | 0 | 0 | 1 |
| | | % of Base HQ | 100.0% | .0% | .0% | .0% | 100.0% |
| | | % of Trading Currency | 2.7% | .0% | .0% | .0% | 1.9% |
| | | Count | 1 | 0 | 0 | 0 | 1 |
| | Singapore | % of Base HQ | 100.0% | .0% | .0% | .0% | 100.0% |
| | | % of Trading Currency | 2.7% | .0% | .0% | .0% | 1.9% |
| | India | Count | 0 | 1 | 0 | 0 | 1 |
| | | % of Base HQ | .0% | 100.0% | .0% | .0% | 100.0% |
| | | % of Trading Currency | .0% | 14.3% | .0% | .0% | 1.9% |
| | | Count | 0 | 0 | 1 | 0 | 1 |
| | Japan | % of Base HQ | .0% | .0% | 100.0% | .0% | 100.0% |
| | | % of Trading Currency | .0% | .0% | 14.3% | .0% | 1.9% |
| | Others | Count | 0 | 1 | 0 | 0 | 1 |
| | | % of Base HQ | .0% | 100.0% | .0% | .0% | 100.0% |
| | | % of Trading Currency | .0% | 14.3% | .0% | .0% | 1.9% |
| | | Count | 37 | 7 | 7 | 2 | 53 |
| Total | | % of Base HQ | 69.8% | 13.2% | 13.2% | 3.8% | 100.0% |
| | | % of Trading Currency | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Table 8: Payment method

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|---|-----------|---------|---------------|--------------------|
| Valid | Account Transfer | 6 | 9.2 | 11.5 | 11.5 |
| | Banking Letter of Credit/Bank Guarantee | 10 | 15.4 | 19.2 | 30.8 |
| | Telegraphic Transfer | 31 | 47.7 | 59.6 | 90.4 |
| | Others | 5 | 7.7 | 9.6 | 100.0 |
| | Total | 52 | 80.0 | 100.0 | |
| Missing | 9 | 13 | 20.0 | | |
| Total | | 65 | 100.0 | | |

Table 9: Company Status and Payment method cross tabulation

| | | | Payment method | | | | Total |
|----------------|-----------------------------|---------------------|------------------|---|----------------------|--------|--------|
| | | | Account Transfer | Banking Letter of Credit/Bank Guarantee | Telegraphic Transfer | Others | |
| Company status | Malaysian Owned (above 51%) | Count | 5 | 7 | 16 | 4 | 32 |
| | | % of Company status | 15.6% | 21.9% | 50.0% | 12.5% | 100.0% |
| | | % of Payment method | 83.3% | 70.0% | 51.6% | 80.0% | 61.5% |
| | Foreign Owned (above 51%) | Count | 1 | 2 | 10 | 0 | 13 |
| | | % of Company status | 7.7% | 15.4% | 76.9% | .0% | 100.0% |
| | | % of Payment method | 16.7% | 20.0% | 32.3% | .0% | 25.0% |
| | Joint Venture (50-50) | Count | 0 | 0 | 3 | 1 | 4 |
| | | % of Company status | .0% | .0% | 75.0% | 25.0% | 100.0% |
| | | % of Payment method | .0% | .0% | 9.7% | 20.0% | 7.7% |
| | World Class | Count | 0 | 1 | 2 | 0 | 3 |
| | | % of Company status | .0% | 33.3% | 66.7% | .0% | 100.0% |
| | | % of Payment method | .0% | 10.0% | 6.5% | .0% | 5.8% |
| Total | Count | 6 | 10 | 31 | 5 | 52 | |
| | % of Company status | 11.5% | 19.2% | 59.6% | 9.6% | 100.0% | |
| | % of Payment method | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

Table 10: Base HQ and Payment Method cross Tabulation

| | | Payment method | | | | Total | |
|---------|---------------------|---------------------|---|----------------------|--------|--------|--------|
| | | Account Transfer | Banking Letter of Credit/Bank Guarantee | Telegraphic Transfer | Others | | |
| Base HQ | Malaysia | Count | 5 | 8 | 21 | 5 | 39 |
| | | % of Base HQ | 12.8% | 20.5% | 53.8% | 12.8% | 100.0% |
| | | % of Payment method | 83.3% | 80.0% | 67.7% | 100.0% | 75.0% |
| | Europe | Count | 1 | 1 | 6 | 0 | 8 |
| | | % of Base HQ | 12.5% | 12.5% | 75.0% | .0% | 100.0% |
| | | % of Payment method | 16.7% | 10.0% | 19.4% | .0% | 15.4% |
| | North America | Count | 0 | 0 | 1 | 0 | 1 |
| | | % of Base HQ | .0% | .0% | 100.0% | .0% | 100.0% |
| | | % of Payment method | .0% | .0% | 3.2% | .0% | 1.9% |
| | Singapore | Count | 0 | 0 | 1 | 0 | 1 |
| | | % of Base HQ | .0% | .0% | 100.0% | .0% | 100.0% |
| | | % of Payment method | .0% | .0% | 3.2% | .0% | 1.9% |
| | India | Count | 0 | 0 | 1 | 0 | 1 |
| | | % of Base HQ | .0% | .0% | 100.0% | .0% | 100.0% |
| | | % of Payment method | .0% | .0% | 3.2% | .0% | 1.9% |
| | Japan | Count | 0 | 0 | 1 | 0 | 1 |
| | | % of Base HQ | .0% | .0% | 100.0% | .0% | 100.0% |
| | | % of Payment method | .0% | .0% | 3.2% | .0% | 1.9% |
| Others | Count | 0 | 1 | 0 | 0 | 1 | |
| | % of Base HQ | .0% | 100.0% | .0% | .0% | 100.0% | |
| | % of Payment method | .0% | 10.0% | .0% | .0% | 1.9% | |
| Total | Count | 6 | 10 | 31 | 5 | 52 | |
| | % of Base HQ | 11.5% | 19.2% | 59.6% | 9.6% | 100.0% | |
| | % of Payment method | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

Table 11: Total Import and Payment Method cross Tabulation

| | | Payment method | | | | Total | |
|--------------|----------------------|---------------------|---|----------------------|--------|--------|--------|
| | | Account Transfer | Banking Letter of Credit/Bank Guarantee | Telegraphic Transfer | Others | | |
| Total Import | Nil | Count | 4 | 4 | 11 | 5 | 24 |
| | | % of Total Import | 16.7% | 16.7% | 45.8% | 20.8% | 100.0% |
| | < RM50,000.00 | % of Payment method | 66.7% | 40.0% | 35.5% | 100.0% | 46.2% |
| | | Count | 1 | 2 | 6 | 0 | 9 |
| | RM50,001 - RM100,000 | % of Total Import | 11.1% | 22.2% | 66.7% | .0% | 100.0% |
| | | % of Payment method | 16.7% | 20.0% | 19.4% | .0% | 17.3% |
| | Above RM250,000 | Count | 0 | 0 | 5 | 0 | 5 |
| | | % of Total Import | .0% | .0% | 100.0% | .0% | 100.0% |
| | Total | % of Payment method | .0% | .0% | 16.1% | .0% | 9.6% |
| | | Count | 1 | 4 | 9 | 0 | 14 |
| | Total | % of Total Import | 7.1% | 28.6% | 64.3% | .0% | 100.0% |
| | | % of Payment method | 16.7% | 40.0% | 29.0% | .0% | 26.9% |
| Total | Count | 6 | 10 | 31 | 5 | 52 | |
| | % of Total Import | 11.5% | 19.2% | 59.6% | 9.6% | 100.0% | |
| Total | % of Payment method | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | |

Table 12: Total Export and Payment Method cross Tabulation

| | | Payment method | | | | Total | |
|--------------|-----------------------|---------------------|---|----------------------|--------|--------|--------|
| | | Account Transfer | Banking Letter of Credit/Bank Guarantee | Telegraphic Transfer | Others | | |
| Total Export | Nil | Count | 2 | 5 | 6 | 5 | 18 |
| | | % of Total Export | 11.1% | 27.8% | 33.3% | 27.8% | 100.0% |
| | < RM50,000 | % of Payment method | 33.3% | 50.0% | 19.4% | 100.0% | 34.6% |
| | | Count | 3 | 2 | 11 | 0 | 16 |
| | RM50,001 - RM100,000 | % of Total Export | 18.8% | 12.5% | 68.8% | .0% | 100.0% |
| | | % of Payment method | 50.0% | 20.0% | 35.5% | .0% | 30.8% |
| | RM100,001 - RM250,000 | Count | 0 | 2 | 2 | 0 | 4 |
| | | % of Total Export | .0% | 50.0% | 50.0% | .0% | 100.0% |
| | Above RM250,000 | % of Payment method | .0% | 20.0% | 6.5% | .0% | 7.7% |
| | | Count | 0 | 0 | 1 | 0 | 1 |
| | Above RM250,000 | % of Total Export | .0% | .0% | 100.0% | .0% | 100.0% |
| | | % of Payment method | .0% | .0% | 3.2% | .0% | 1.9% |
| Total | | Count | 1 | 1 | 11 | 0 | 13 |
| | | % of Total Export | 7.7% | 7.7% | 84.6% | .0% | 100.0% |
| | | % of Payment method | 16.7% | 10.0% | 35.5% | .0% | 25.0% |
| | | Count | 6 | 10 | 31 | 5 | 52 |
| | | % of Total Export | 11.5% | 19.2% | 59.6% | 9.6% | 100.0% |
| | | % of Payment method | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Table 13: ONEWAY ANOVA IMPORT, EXPORT COMPARE TO TRADING CURRENCY

| | | Sum of Squares | df | Mean Square | F | Significance |
|--------------|----------------|----------------|----|-------------|-------|--------------|
| Total Import | Between Groups | 2.758 | 3 | .919 | .317 | .813 |
| | Within Groups | 142.261 | 49 | 2.903 | | |
| | Total | 145.019 | 52 | | | |
| Total Export | Between Groups | 17.641 | 3 | 5.880 | 2.582 | .064 |
| | Within Groups | 111.604 | 49 | 2.278 | | |
| | Total | 129.245 | 52 | | | |

Table 13: ONEWAY ANOVA IMPORT, EXPORT COMPARE TO PAYMENT METHOD

| | | Sum of Squares | df | Mean Square | F | Significance |
|--------------|----------------|----------------|----|-------------|-------|--------------|
| Total Import | Between Groups | 15.619 | 3 | 5.206 | 1.934 | .137 |
| | Within Groups | 129.208 | 48 | 2.692 | | |
| | Total | 144.827 | 51 | | | |
| Total Export | Between Groups | 22.147 | 3 | 7.382 | 3.317 | .028 |
| | Within Groups | 106.833 | 48 | 2.226 | | |
| | Total | 128.981 | 51 | | | |

Table 14: Currency Hedging

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-------|-----------|---------|---------------|--------------------|
| Valid | Yes | 39 | 60.0 | 73.6 | 73.6 |
| | No | 14 | 21.5 | 26.4 | 100.0 |
| | Total | 53 | 81.5 | 100.0 | |
| Missing | 9 | 12 | 18.5 | | |
| Total | | 65 | 100.0 | | |

Table 15: Company status * Currency Hedging Cross tabulation

| | | Currency Hedging | | Total |
|----------------|-----------------------------|------------------|----|-------|
| | | Yes | No | |
| Company status | Malaysian Owned (above 51%) | 23 | 10 | 33 |
| | Foreign Owned (above 51%) | 10 | 3 | 13 |
| | Joint Venture (50-50) | 3 | 1 | 4 |
| | World Class | 3 | 0 | 3 |
| Total | | 39 | 14 | 53 |

Table 16: Cross Currency Hedging

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|----------------|-----------|---------|---------------|--------------------|
| Valid | yes | 4 | 6.2 | 100.0 | 100.0 |
| Missing | System Missing | 61 | 93.8 | | |
| Total | | 65 | 100.0 | | |

Table 17: Forward Contract

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|----------------|-----------|---------|---------------|--------------------|
| Valid | yes | 4 | 6.2 | 100.0 | 100.0 |
| Missing | System Missing | 61 | 93.8 | | |
| Total | | 65 | 100.0 | | |

Table 18: Currency options

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|----------------|-----------|---------|---------------|--------------------|
| Valid | yes | 3 | 4.6 | 100.0 | 100.0 |
| Missing | System Missing | 62 | 95.4 | | |
| Total | | 65 | 100.0 | | |

Table 19: Other Hedging

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|----------------|-----------|---------|---------------|--------------------|
| Valid | yes | 4 | 6.2 | 100.0 | 100.0 |
| Missing | System Missing | 61 | 93.8 | | |
| Total | | 65 | 100.0 | | |

Table 20: Have Your Organization Encountered Any gains or Losses Due To Foreign Exchange exposures In the Previous Years?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----|-----------|---------|---------------|--------------------|
| Valid | NO | 30 | 46.2 | 46.2 | 46.2 |
| | YES | 35 | 53.8 | 53.8 | 100.0 |
| Total | | 65 | 100.0 | 100.0 | |

Table 21 Losses or Gain From The Foreign Exchange Exposure in The Past Years Derived From?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|----------------------|-----------|---------|---------------|--------------------|
| Valid | ACCOUNTING EXPOSURE | 10 | 15.4 | 15.4 | 15.4 |
| | NONE OF THE ABOVE | 27 | 41.5 | 41.5 | 56.9 |
| | OPERATING EXPOSURE | 2 | 3.1 | 3.1 | 60.0 |
| | TRANSACTION EXPOSURE | 26 | 40.0 | 40.0 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

Table 22: Have You Ever Heard About the Gold Dinar?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | NO | 29 | 44.6 | 44.6 | 44.6 |
| | YES | 36 | 55.4 | 55.4 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

Table 23: The Malaysian Prime Minister has proposed Gold Dinar as a Universal Trading Currency in Preventing Currency Crisis from Occurring Again. Is This Proposal Viable?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | NO | 18 | 27.7 | 27.7 | 27.7 |
| | YES | 47 | 72.3 | 72.3 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

Table 24: Do You See That With The Implementation of Gold Dinar Will Become A Threat To Your Overall Business?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | NO | 56 | 86.2 | 86.2 | 86.2 |
| | YES | 9 | 13.8 | 13.8 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

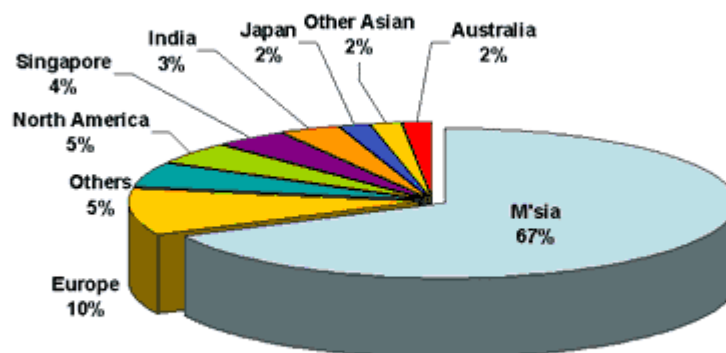
Table 25: Or Do You See That With The Implementation of Gold Dinar Will Create Opportunities for your overall Business?

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | NO | 37 | 56.9 | 56.9 | 56.9 |
| | YES | 28 | 43.1 | 43.1 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

Table 26: Are You Willing To Use The Universal Currency Gold Dinar As A Medium Of Exchange Especially For Importing and Exporting Goods and Services?

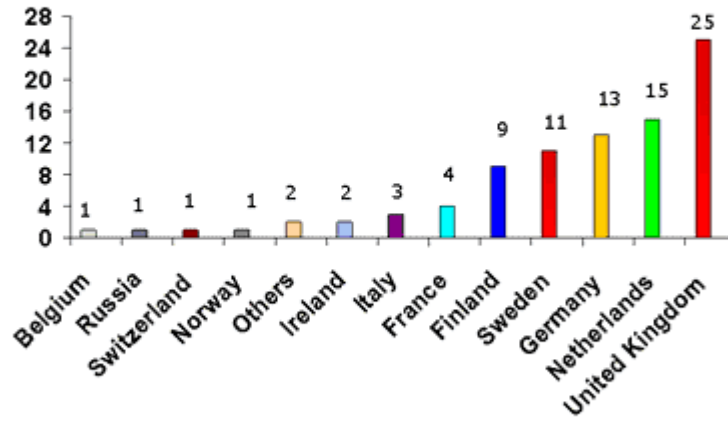
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|-----------|---------|---------------|--------------------|
| Valid | NO | 13 | 20.0 | 20.0 | 20.0 |
| | unsure | 24 | 36.9 | 36.9 | 56.9 |
| | YES | 28 | 43.1 | 43.1 | 100.0 |
| | Total | 65 | 100.0 | 100.0 | |

Majority shareholding by countries/regions for MSC companies as of June 23rd, 2003



* Total MSC Co: **888**

Breakdown of European MSC Approved Companies as of June 23rd, 2003



*** Total European MSC Co: 88**

