

REQUEST FOR PROPOSAL ISLAMIC ECONOMICS RESEARCH AND INNOVATION FUND (IERIF)

APPLICATION FORM

1	Title of the proposed research: Financial Index for Special Needs Economic Stability and Empowerment (FINESSE)	
2	Funds requested: RM 60000.00	
3	Duration of the proposed research: 6 months	
4	Information on the Lead Researcher	
	A) Personal Details	
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	Academic/Professional Qualifications: PhD (Islamic Banking and Finance), IIUM Institute of Islamic Banking and Finance, International Islamic University Malaysia	
	B) Curriculum Vitae of the Lead Researcher	
	<i>(Please list the details including working experience, ongoing and completed projects, professional affiliations/memberships, supervision and awards)</i>	
	https://inceif-my.sharepoint.com/:b/g/person/zaidi_inceif_edu_my/ESCOig2udwNIrl_OnuuiYHsBldysdxzAollBohCvJbLKw?e=4UU2ny	
5	Information on Co-researcher(s)	
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Academic/Professional Qualifications: PhD in Islamic Banking and Finance

6 Summary of the Proposed Research (not more than 250 words)

Keywords

(Please provide a maximum of 5 keywords that describe the nature of the research project).

Families with special needs children face complex financial challenges that are often overlooked by existing support systems. These challenges include recurring healthcare costs, specialized education expenses, and the long-term financial burden of caregiving. In Malaysia, programs such as **Bantuan Khas OKU** and allowances from the **Jabatan Kebajikan Masyarakat (JKM)** provide some relief. However, these initiatives fail to address the full spectrum of needs, leaving many families financially vulnerable. Furthermore, global tools like the **Human Development Index (HDI)** and **Multidimensional Poverty Index (MPI)** lack the specificity to capture the unique financial pressures experienced by these families.

This research proposes the **Financial Index for Needs of Special-Needs Economic Stability and Empowerment (FINESSE)**, a tailored financial well-being index designed to assess and benchmark the financial health of families with special needs children in Malaysia. FINESSE will incorporate culturally and contextually relevant indicators, such as income security, healthcare affordability, education costs, financial resilience, and access to financial aid through Islamic social finance tools like zakat and wakaf.

The objectives of FINESSE are to provide actionable insights for policymakers, NGOs, and financial institutions, enabling the design of targeted interventions and more effective resource allocation. By identifying disparities and gaps in financial well-being, FINESSE aims to empower families with special needs and foster a more inclusive financial ecosystem. This research aspires to create meaningful, data-driven change that supports resilience and stability for these families.

7 Research Objectives

(Detail out the research problems, objectives and questions).

- Develop and validate the FINESSE to measure financial well-being tailored to families with special needs children.
- Identify and analyze disparities in financial well-being across socio-economic, geographic, and demographic groups.
- Integrate Islamic social finance tools (zakat and wakaf) to enhance equity and inclusivity.
- Provide actionable recommendations to policymakers, NGOs, and financial institutions for improving systemic support.

8 Motivation for Research

(Discuss the expected outcomes of the proposed research project, methodologies and significance for the

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discipline and the industry. Please state the expected research output (e.g. policy documents, innovative prototypes and solutions, publishable articles, chapters in books of reading, etc.).

The inspiration for this research lies in the unspoken struggles of families with special needs children, who often find themselves trapped in a cycle of financial precarity. Unlike typical households, these families face compounded challenges: unpredictable healthcare costs, specialized education requirements, and the constant emotional and financial toll of caregiving. These challenges are exacerbated by a lack of tailored support systems, leaving many families to navigate their unique situations alone.

Current policies and support mechanisms in Malaysia, while well-intentioned, fall short of addressing the holistic needs of these families. Programs such as **Bantuan Khas OKU** offer some relief but are limited in scope and fail to provide a sustainable safety net. Meanwhile, the broader financial tools available—such as poverty or development indexes—lack the granularity needed to capture the specific financial realities of caregiving households.

Furthermore, the societal expectations placed on families, particularly in the cultural context of Malaysia, often lead to silent suffering. Many caregivers prioritize their children's needs at the expense of their own financial and emotional well-being, perpetuating an invisible crisis that remains largely unaddressed in both policy and academic discourse.

This research is driven by a deep commitment to illuminate these struggles and provide a pathway for meaningful change. By developing the **Financial Index for Needs of Special-Needs Economic Stability and Empowerment (FINESSE)**, this study seeks to empower these families with a voice in the data and a framework for systemic improvement. FINESSE is not just a measurement tool; it is a bridge between data and dignity, designed to address the inequities that have persisted for too long.

The integration of Islamic social finance tools such as zakat and wakaf offers an innovative and culturally relevant dimension to this endeavor, ensuring that the solutions are not only effective but also equitable. This research is motivated by a vision of an inclusive society—one that recognizes the unique financial struggles of special needs families and works collaboratively to foster resilience, stability, and empowerment.

By addressing these issues, this study aims to fill a critical gap in research and practice, ensuring that every family, regardless of their challenges, has an opportunity to thrive.

9 Literature Review

(Provide a review of the current state of research related to the proposed topic. This gap analysis should also be confined to the seminal, current and most referred literature).

2.1 Current State of Research on Financial Well-Being

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The concept of financial well-being has been extensively explored, particularly in the context of poverty alleviation and economic resilience. Seminal works, such as those by the **OECD (2013)** and the **Consumer Financial Protection Bureau (CFPB, 2015)**, define financial well-being as the ability to meet current and future financial obligations, maintain financial security, and achieve personal goals. These frameworks identify dimensions such as income stability, financial control, and preparedness for financial shocks, which have been widely adopted in global studies.

Recent studies build on these foundational frameworks, emphasizing the role of tailored indicators in assessing financial well-being for specific groups. For example, **Kempson et al. (2017)** highlight the importance of psychological and behavioral factors in financial decision-making, particularly for vulnerable populations. However, these studies primarily focus on general households, leaving a significant gap in understanding the unique financial dynamics of families with special needs children.

2.2 Financial Challenges of Special Needs Families

Families with special needs children face disproportionate financial challenges compared to the general population. **Parish et al. (2004)** revealed that families with disabled children in the U.S. incur 40% higher healthcare costs, resulting in increased debt and reduced savings. Similarly, **Corman et al. (2005)** identified that caregiving responsibilities often lead to reduced workforce participation, further compounding financial strain.

In Malaysia, **Hussein et al. (2021)** highlight gaps in social protection programs, such as the inadequacy of allowances provided under **Bantuan Khas OKU**. These programs often fail to account for recurring costs like therapy, adaptive equipment, and long-term planning. While these studies provide critical insights, they are limited in scope and do not offer comprehensive tools to measure financial well-being for special needs families.

2.3 Use of Indexes in Social Policy

Indexes such as the **Human Development Index (HDI)** and the **Multidimensional Poverty Index (MPI)** are widely used to assess socio-economic well-being. Seminal works, such as **Alkire & Foster (2011)**, advocate for multidimensional approaches that go beyond income-based measures, incorporating factors like education and health. However, these indexes are designed for broad population assessments and lack the granularity needed to capture the financial realities of marginalized groups, such as families with special needs children.

The **Financial Vulnerability Index (FVI)**, developed in the U.K., provides a more targeted approach by including indicators such as debt burden and access to financial resources. While effective in measuring household financial risk, the FVI does not address caregiving-specific dimensions or cultural nuances relevant to Malaysia. This highlights the need for a specialized index that reflects the unique experiences of special needs families.

2.4 Integration of Islamic Social Finance

Islamic social finance, particularly zakat and wakaf, has been recognized as a powerful tool for addressing financial disparities. **Ismail et al. (2020)** emphasize that zakat can be effectively used to fund education and healthcare for vulnerable populations, aligning with the principles of distributive justice in Islam. Wakaf initiatives in Indonesia have successfully financed healthcare for low-income families, as demonstrated by **Lubis et al. (2019)**. These studies highlight the potential for Islamic social finance to fill gaps in conventional support systems, particularly in Muslim-majority countries like Malaysia.

Despite its potential, the integration of Islamic social finance tools into financial well-being frameworks remains underexplored. Existing studies tend to focus on individual applications rather than systemic integration into policy or measurement tools, leaving a critical gap in the literature.

2.5 Gap Analysis

The current body of literature provides valuable insights into financial well-being frameworks, the challenges faced by special needs families, and the role of indexes and Islamic social finance tools. However, several gaps remain:

1. **Lack of Specialized Indexes:** Existing financial well-being measures, such as the HDI and MPI, do not address the unique dimensions of financial vulnerability faced by families with special needs children.
2. **Underutilization of Islamic Social Finance:** While zakat and wakaf have shown potential, their integration into financial well-being frameworks for special needs families is largely unexplored.
3. **Limited Contextual Studies:** Research on financial well-being is predominantly focused on Western contexts, with limited studies addressing the cultural and socio-economic nuances of Malaysia.
4. **Insufficient Multidimensional Approaches:** Current tools fail to capture caregiving-specific costs, income disruptions, and the psychological impact of financial stress on special needs families.

2.6 Contribution of This Study

This research seeks to address these gaps by developing the **Financial Index for Needs of Special-Needs Economic Stability and Empowerment (FINESSE)**. The FINESSE will:

1. Incorporate caregiving-specific indicators, such as recurring therapy costs and income disruptions.
2. Integrate Islamic social finance principles, ensuring cultural and socio-economic relevance.
3. Provide a robust, multidimensional tool tailored to the Malaysian context, empowering policymakers, NGOs, and financial institutions to design targeted interventions.

By building on seminal works and addressing identified gaps, this study aims to make a meaningful contribution to the field of financial well-being and social policy.

10 Methodology

(Describe in detail the procedures and methods to achieve the proposed project's research objectives. Please include the type of instruments to be used for data collection and analysis).

4.1 Research Design

This study employs a **mixed-methods approach** to comprehensively understand and assess the financial well-being of families with special needs children. The approach integrates **quantitative surveys** to capture measurable indicators and **qualitative focus groups** to explore contextual and experiential insights. By combining these methods, the research ensures both statistical rigor and depth of understanding, addressing gaps in existing financial well-being assessments.

The methodology is grounded in participatory principles, engaging stakeholders such as families, NGOs, policymakers, and Islamic social finance experts throughout the research process. This ensures that the **Financial Index for Needs of Special-Needs Economic Stability and Empowerment (FINESSE)** is reflective of real-world challenges and priorities.

4.2 Phases of the Study

4.2.1 Dimension Identification

- **Objective:** Identify and define key dimensions of financial well-being specific to families with special needs children.

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- **Activities:**

- Conduct a systematic review of existing financial well-being frameworks, including the **OECD (2013)**, **CFPB (2015)**, and **Alkire & Foster (2011)** models.
- Perform semi-structured interviews with 15–20 stakeholders, including caregivers, policymakers, and Islamic social finance experts.
- Synthesize findings to identify caregiving-specific indicators, such as therapy costs, healthcare affordability, and financial resilience.

4.2.2 Data Collection

- **Objective:** Gather quantitative and qualitative data to inform the construction of FINESSE.

- **Quantitative Component:**

- Administer nationwide surveys targeting 300 families with special needs children, selected through stratified random sampling to ensure diverse representation across income levels, geographic locations, and family demographics.
- Survey instrument will include questions on income stability, recurring expenses, savings behavior, and access to financial aid (e.g., zakat, wakaf, and government programs).

- **Qualitative Component:**

- Conduct focus groups with 6–8 participants per group, representing caregivers, NGO representatives, and policymakers.
- Discussions will explore themes such as the psychological impact of financial stress, barriers to accessing financial aid, and long-term planning challenges.

4.2.3 Index Construction

- **Objective:** Develop a composite index to measure financial well-being based on identified dimensions and collected data.

- **Statistical Techniques:**

- Perform **factor analysis** to determine the weight of each dimension, ensuring that the most critical aspects of financial well-being are emphasized.
- Use **principal component analysis (PCA)** to validate the dimensional structure and refine the index.

- **Composite Index:**

- Combine weighted dimensions into a single score, allowing for easy comparison across families and demographic groups.

4.2.4 Validation

- **Objective:** Ensure the reliability and validity of FINESSE as a measurement tool.

- **Activities:**

- Pilot test the index with a sample of 50 families from diverse socio-economic and geographic backgrounds.
- Assess reliability using **Cronbach's alpha** to ensure internal consistency of the indicators.
- Refine the index based on feedback from pilot participants and expert reviewers.

4.2.5 Disparity Analysis

- **Objective:** Analyze disparities in financial well-being across socio-economic, geographic, and demographic groups.

- **Activities:**

- Use statistical techniques such as **ANOVA** and **multivariate regression** to identify significant differences in FINESSE scores.
- Examine the role of factors such as income level, location, and access to Islamic social finance tools in driving disparities.

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4.3 Ethical Considerations

- **Informed Consent:** All participants will receive clear information about the study's objectives, methods, and their rights, including the right to withdraw at any time.
- **Confidentiality:** Data will be anonymized to protect participants' identities and stored securely in compliance with research ethics guidelines.
- **Cultural Sensitivity:** The study will ensure that all instruments and interactions respect the cultural and religious contexts of participants.

4.4 Tools and Software

- **Survey Administration:** Google Forms for efficient and secure data collection.
- **Statistical Analysis:** SPSS and R for factor analysis, PCA, and disparity analysis.
- **Qualitative Data Analysis:** NVivo for coding and thematic analysis of focus group discussions.

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Research Milestones

(List and detail the milestones, mapping each task and activity to meet the research objectives within the research duration).

Milestones and Activity Mapping

Below is a detailed list of milestones for the research, mapping tasks and activities to the research objectives within the proposed six-month research duration.

Objective 1: Identify and define key dimensions of financial well-being specific to families with special needs children.

Milestone	Activities	Duration	Deliverables
Dimension identification	Systematic literature review of financial well-being frameworks.	Week 1 to Week 2	Comprehensive list of potential dimensions.
Stakeholder interviews	Conduct 15–20 semi-structured interviews with caregivers, NGOs, policymakers, and experts.	Week 3 to Week 4	Qualitative insights on critical dimensions.
Preliminary synthesis	Combine insights from literature and interviews to propose key dimensions.	Week 4	Draft framework of dimensions for FINESSE.

Objective 2: Construct and validate a multidimensional Financial Index for Needs of Special-Needs Economic Stability and Empowerment (FINESSE).

Milestone	Activities	Duration	Deliverables
Survey instrument design	Develop survey questions and focus group guides based on identified dimensions.	Week 5	Finalized survey and focus group instruments.

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Data collection	Administer nationwide surveys to 300 families and conduct 5–6 focus groups.	Week 6 to Week 10	Raw quantitative and qualitative datasets.
Statistical analysis	Conduct factor analysis and PCA to refine dimensions and weights.	Week 11	Statistical model for FINESSE.
Index development	Create composite FINESSE based on weighted dimensions.	Week 12	Draft version of FINESSE.

Objective 3: Analyze disparities in financial well-being across socio-economic, geographic, and demographic groups.

Milestone	Activities	Duration	Deliverables
Pilot testing and validation	Test FINESSE with 50 families from diverse backgrounds.	Week 13	Feedback on reliability and validity of FINESSE.
Refinement	Incorporate feedback to refine the index structure.	Week 14	Finalized FINESSE framework.
Disparity analysis	Conduct statistical tests (e.g., ANOVA, regression) to identify disparities.	Week 15	Analytical report on financial well-being disparities.

Objective 4: Provide actionable recommendations for enhancing financial support mechanisms and policies.

Milestone	Activities	Duration	Deliverables
Stakeholder workshop	Present findings to policymakers, NGOs, and financial institutions.	Week 16	Feedback from key stakeholders.
Final reporting	Compile a comprehensive report, including policy recommendations.	Week 17	Policy brief and final report.
Dissemination	Publish findings in journals and through online platforms.	Week 18	Published articles and digital dissemination.

Timeline Overview

The following timeline summarizes milestones and activities across the six-month research duration:

Phase	Activities	Timeframe
Phase 1: Dimension Identification	Literature review, stakeholder interviews	Month 1
Phase 2: Data Collection	Surveys and focus groups	Month 2–3
Phase 3: Index Construction	Statistical analysis, index	Month 4

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	development	
Phase 4: Validation and Analysis	Pilot testing, disparity analysis	Month 5
Phase 5: Reporting and Dissemination	Stakeholder workshop, reporting, publications	Month 6

Alignment of Tasks to Objectives

Objective	Key Activities	Milestone Deliverables
Identify and define dimensions	Literature review, interviews	Draft framework of dimensions.
Construct and validate the index	Surveys, statistical analysis, pilot testing	Composite FINESSE and validation results.
Analyze disparities	Statistical tests, disparity reporting	Analytical report on financial well-being gaps.
Provide actionable recommendations	Workshops, final reporting, dissemination	Policy brief and stakeholder feedback.

12 Budget Information

Please provide detailed expenses for the following items:

Expenses	Amount (RM)	Remarks
Research Assistant (RA) <i>(appointment of RA with RM2000 to RM2500 monthly allowance, depending on qualification)</i>	15000.00	- 1 RA for 6 months at RM2,500/month. - Supports literature reviews, survey administration, data analysis, and reporting.
Data collection <i>(include travelling and mileage claims, costs of obtaining data, purchase of relevant tools and equipment for analysis and payment to enumerators or data analysts)</i>	20500.00	Traveling and mileage claims: RM7,000 - Fuel: RM4,000 (5,000 km @ RM0.80/km). - Tolls: RM1,000. - Accommodation and meals: RM2,000 (multi-day fieldwork). Payment to enumerators: RM13,500 - 13 enumerators @ RM1,000 each for survey administration (20-25 participants per enumerator).
Books and research materials	500.00	Essential books and journal articles on

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	<i>(purchase of books, articles and other literature relevant to the proposed research)</i>		financial well-being frameworks and Islamic social finance.
	Proofreading and publications <i>(include proofreading and publication costs to scholarly and indexed journals, publication of final report)</i>	2000.00	Proofreading of final report and journal manuscripts to ensure high-quality and error-free submissions.
	Communication <i>(include the costs of conferences/ workshops/ seminars participation relevant to the proposed research, as well as conducting roundtable or focus group discussions)</i>	22000.00	Focus Group Discussions: RM10,000 - 5 sessions @ RM2,000 each (venue, refreshments, materials). Stakeholder Workshops: RM9,000 - 2 workshops @ RM4,500 each (venue, speakers, refreshments). Conference Participation: RM3,000 - Registration: RM1,500. - Travel and accommodation: RM1,500.
	TOTAL	60000.00	
13	Strategic Collaborator Agensi Kaunseling dan Pengurusan Kredit		
14	References <i>(List the citations of literature referred to in the text of the proposal (Harvard)).</i> OECD (2013). <i>Framework for Financial Well-Being</i> . Organisation for Economic Co-operation and Development, Paris. Consumer Financial Protection Bureau (CFPB) (2015). <i>Financial Well-Being: The Goal of Financial Education</i> . CFPB, Washington, D.C. Parish, S. L., Rose, R. A., & Andrews, M. E. (2004). <i>Economic Well-Being of Families with Disabilities</i> . <i>Journal of Disability Policy Studies</i> , 15(4), 223–231. Hussein, Z., & Abdullah, N. (2021). <i>Challenges of Social Protection in Malaysia: Gaps for Families with Special Needs Children</i> . <i>Malaysian Journal of Social Sciences</i> , 16(2), 101–118.		

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Alkire, S., & Foster, J. (2011). *Counting and Multidimensional Poverty Measurement*. *Journal of Public Economics*, 95(7-8), 476-487.

Ismail, A., & Kamaruddin, Z. (2020). *The Role of Zakat in Socioeconomic Development: A Case Study in Malaysia*. *Journal of Islamic Finance*, 9(1), 23-35.

Lubis, A. H., & Yusof, S. R. (2019). *Waqf for Healthcare: Lessons from Indonesia*. *Asian Journal of Social Science and Humanities*, 8(2), 45-60.

Kempson, E., Finney, A., & Poppe, C. (2017). *Financial Well-Being: A Conceptual Model and Preliminary Analysis*. Oslo: SIFO, University of Oslo.

Corman, H., Noonan, K., Reichman, N. E., & Schultz, J. (2005). *Effects of Child Disability on Caregiver Employment*. *American Economic Review*, 95(2), 232-236.

United Nations Development Programme (UNDP) (2015). *Human Development Report: Work for Human Development*. UNDP, New York.

15 Applicant's Declaration

All details provided in this application are accurate. **INCEIF University** has the right to reject or cancel the offer without prior notice if there is any inaccurate information given.

This proposed research is an original work, not copied from any other work (published or unpublished) and has not been submitted for grant application elsewhere.

This proposal is not currently considered for any other research grant(s).



Signature

Date: 15-01-2025