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Bank Negara to issue 4 new Takaful licences

Kuala Lumpur: Bank Negara Malaysia will issue four new takaful licences to qualified parties, its deputy governor Datuk Zamani Abdul Ghani said Tuesday.

In a keynote address at the 2nd Annual Asian Islamic Banking & Finance Summit here, Zamani said the closing date for the submission of applications was Oct 31, 2005.

He said Malaysia has also allowed foreign investors to participate up to 49 percent in the equity of all the newly established Islamic banking subsidiaries of the Malaysian banking group and for new takaful operators.

"We have liberalised our Islamic financial industry by allowing the establishment of three new foreign Islamic banking institutions," he added.

Islamic finance in Malaysia was growing at a double-digit growth rate, Zamani said, adding that the Islamic banking and takaful sectors have achieved market shares of almost 11 percent and six percent in terms of assets respectively.

He said having achieved this significant development, Bank Negara was now making progress towards realising the aspiration to position Malaysia as an international Islamic financial hub.

Zamani said the International Islamic Financial Market (IIFM) board could also play an effective role in promoting a vibrant Islamic financial market.

According to him, the IIFM endorsement could facilitate cross-border listing of sukuks at various international exchanges.

"The development of standardised documents that conform with internationally accepted Syariah interpretations would also promote global acceptance of Islamic financial instruments," he said.

Zamani said multilateral financial institutions or multilateral development banks and multinational corporations have been allowed to raise ringgit denominated instruments in the Malaysian capital market.

He said this measure has so far attracted two prominent financial institutions, namely the International Finance Corporation and the International Bank for Reconstruction and Development, to issue ringgit denominated instruments based on Islamic principles.

"We would like to see more of these issues in the future in order to create a larger supply of these type of instruments so as to promote the secondary market for these instruments," he added. - Bernama

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