MOVING INTO THE ERA OF ISLAMIC FINANCE

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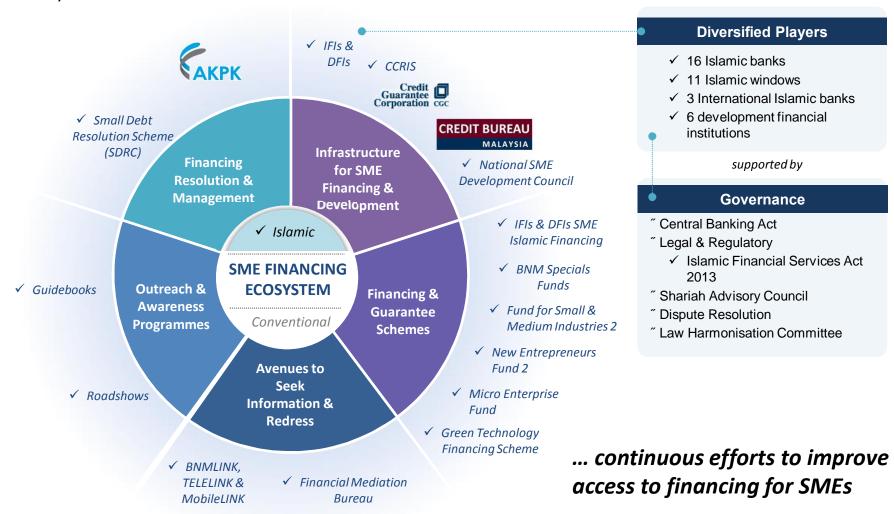
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Comprehensive SME Financing Ecosystem

- ✓ Malaysia has a dual financial system that works in parallel, with both playing significant role in assisting SMEs
- ✓ Financing to SMEs by our Islamic financial institutions (IFIs) through application of diverse spectrum of Shariah contracts continues to trend upward, demonstrating its viability as alternative tools, supported by comprehensive ecosystem



Investment Account (IA) as A New Source for Alternative Financing for SMEs

A Framework for New Offering

Possible matching of funds sourced from IA to diverse forms of alternative financing under Islamic Finance Services Act (IFSA) 2013

Islamic Deposit

- Principal-guaranteed placement with flexible withdrawal
- Risk-transfer mechanism
- Funds are pooled to create financing with financial risk borne by Islamic banks



Customers

Investment Account (IA)

- Non-guaranteed risk-capital
- Risk-sharing mechanism
- Funds are channeled directly into specific investment purposes with financial risk borne by customers

Application of various Shariah contracts to structure diverse range of financina

- ✓ Debt-based financina
- ✓ Equity-based financing
- ✓ Leasing & Factoring
- ✓ Trade financing



Islamic Banks

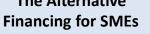
perform investment intermediation functions

Due-diligence | Suitability Assessment Matching | Monitoring | Reporting

Application of various Shariah contracts to source investment fund for specific purpose

- ✓ Profit & loss sharing (Musharakah)
- Profit sharing, loss bearing (Mudarabah)
- ✓ Agency agreement (Wakalah)







Various participation modes based on Shariah contracts used encourages financing of productive activities

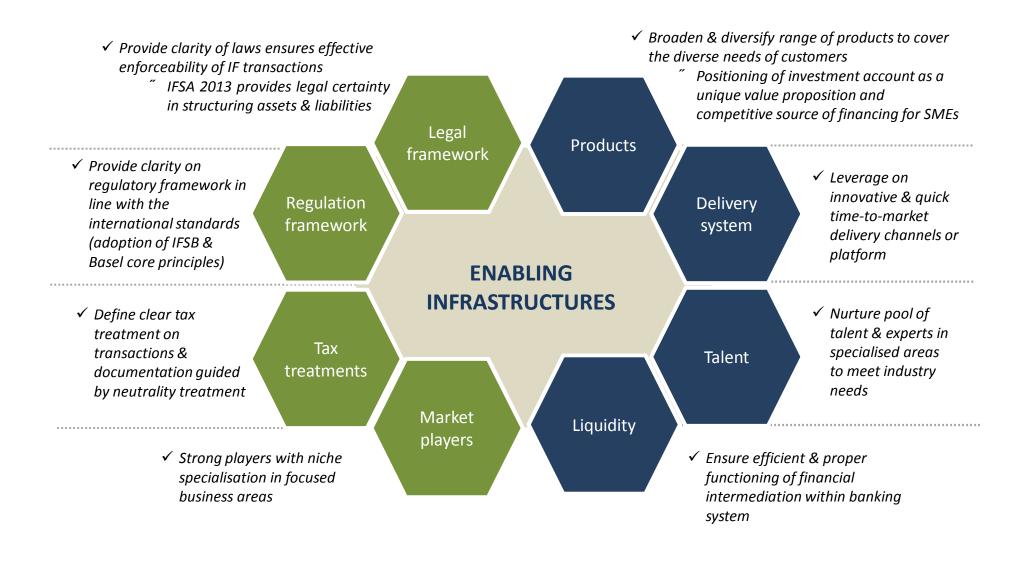
✓ Enhance access to financing for targeted economic sectors from greenfield and new growth areas to mature





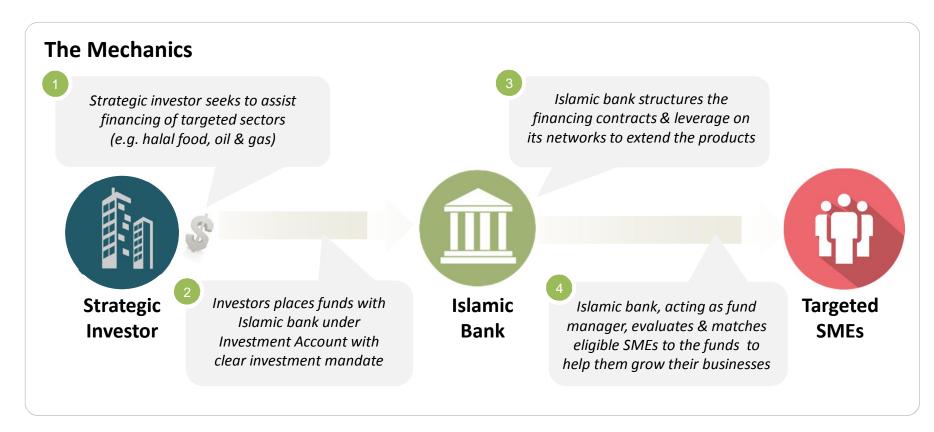
- Provide competitive financing rate with efficient pricing
 - ✓ focus more on business risk, rather than on creditworthiness alone
- Freedom of choice for customers to invest based on individual risk appetite

New Framework Implementation Supported by Enabling Infrastructures



An Alternative Financing for Targeted SMEs

- ✓ Leveraging on Investment Account framework and Islamic banks' expertise, infrastructure & network, investors can collaborate with Islamic banks to help finance targeted sectors
- ✓ Investors may define investment mandate and eligibility criteria for the financing to be accommodative & at competitive rate



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