

Need for standard rules

Economic crisis has given more exposure to Islamic financial market

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KUALA LUMPUR: The Islamic financial market is not immune to the current global financial crisis but it is not as badly affected as the conventional financial market.

Panellists at the CEOs' Session on the Islamic Financial Markets Today: Asia and Beyond at the forum yesterday believed that the Islamic financial market, however, needed to be standardised globally to attract more investors apart from giving clear pictures on the products offered.

One of the panellists, CIMB Islamic Bank chief executive officer Badlisyah Abdul Ghani, said the Islamic financial market was not sophisticated

enough to overcome the financial crisis.

"However, the crisis teaches us to be regulated and the foundation for Islamic financing is to have a good regulatory framework," he said.

For the first time, he said, people were considering alternatives as the result of the financial crisis and they were looking at what the Islamic financial market had to offer.

"This curiosity has given rise to opportunities for more future deals in this industry and will result in greater momentum for the industry to grow," he said.

Sukuk (Islamic bond) products in Malaysia, he said, were doing well as a result of Bank Negara coming out with a comprehensive regulatory

framework that adhered to the syariah law.

Another panellist, Cagamas president and chief executive officer Steven Choy, said this was the best time to test the robustness of Islamic products such as sukuk as investors were now more knowledgeable on whether to choose sukuk or conventional bonds.

"About 50% of bonds issued under Cagamas are sukuk as investors are aware of the options," he said, adding that Cagamas was looking to issue RM12bil worth of sukuk this year. To date it had issued RM8bil worth.

Maybank Investment Bank CEO and director Mohammed Rashdan Mohd Yusof said the recent liberali-

sation of the financial sector in the country could help to spur the Islamic financial business.

"Malaysia, as the largest issuer of sukuk in the world, has the opportunity to take the lead in this industry but the challenge is to have a uniform standard among countries," he said.

A united and standard regulatory framework to offer an alternative to the conventional market would be great, he said.

Bank Islam Malaysia managing director Datuk Zukri Samad said as investors were now looking for alternative financing, the demand for Islamic financial products would rise and the challenge now would be to have a good regulatory framework.