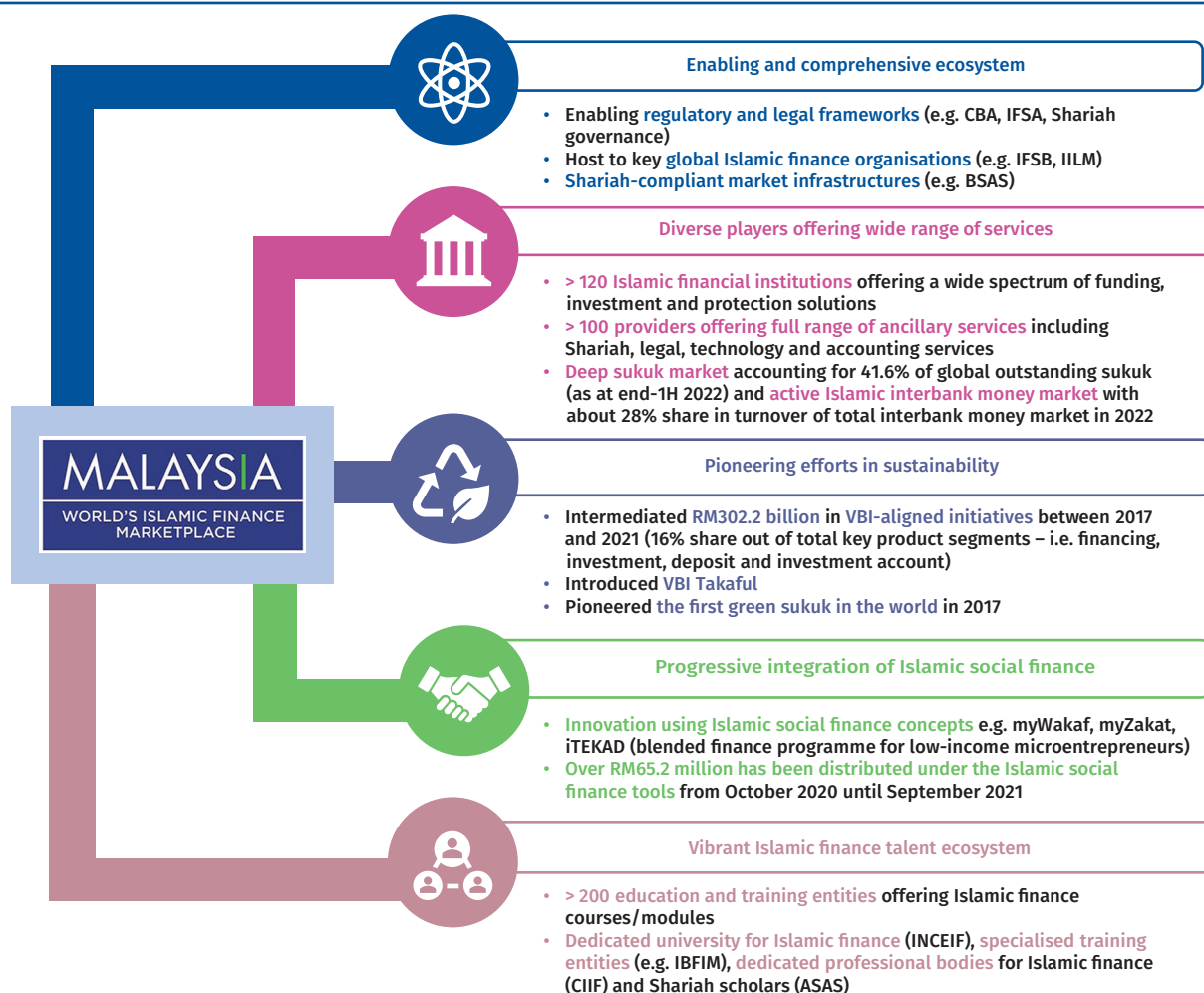


MIFC Leadership Council: Galvanising Greater Industry Stewardship

Since the launch of MIFC¹ initiative in 2006, Islamic finance in Malaysia has evolved into one of the most developed ecosystems with diverse solutions and resilient players (Diagram 1).² Globally, Islamic finance is now present in over 130 countries with total assets valued at USD4 trillion marking a 17% annual growth in 2021.³ The industry is expected to grow further to USD5.6 trillion by 2026.⁴ With its comprehensive Islamic finance ecosystem, Malaysia is well positioned to capitalise on the promising growth opportunity of the industry globally. A key priority is to strengthen Malaysia's proposition as an international gateway and thought leadership for Islamic finance and its ecosystem. This includes enhancing connectivity of market participants, businesses and investors to Islamic finance opportunities in Asia and the OIC.⁵ Focus is also given on exporting expertise and solutions in areas such as sustainable finance, halal trade facilitation and Islamic fintech.

Diagram 1: Comprehensive Islamic Finance Ecosystem in Malaysia



Notes: VBI – Value-based Intermediation, ASAS – Association of Shariah Advisors in Islamic Finance, CIIF – Chartered Institute of Islamic Finance Professionals, BSAS – Bursa Suq Al-Sila' (a commodity trading platform to facilitate Islamic liquidity management and financing by Islamic financial institutions), IBFIM – Islamic Banking and Finance Institute Malaysia.

Source: BNM, AIBIM Value-based Intermediation (VBI) Preview Report 2017-2020 and Full Report 2021 (based on member banks' submission), ICD – Refinitiv Islamic Finance Development Indicator Report 2022, MIFC website and estimate.

¹ Malaysia International Islamic Financial Centre (MIFC), is an initiative launched on 14 August 2006 to position Malaysia as an international Islamic financial hub.

² ICD – Refinitiv Islamic Finance Development Indicator 2022 (IFDI); World Bank: Islamic Finance and the Development of Malaysia's Halal Economy Report 2022; The State of the Global Islamic Economy Report 2022 by DinarStandard with the support of Dubai Economy and Tourism (DET).

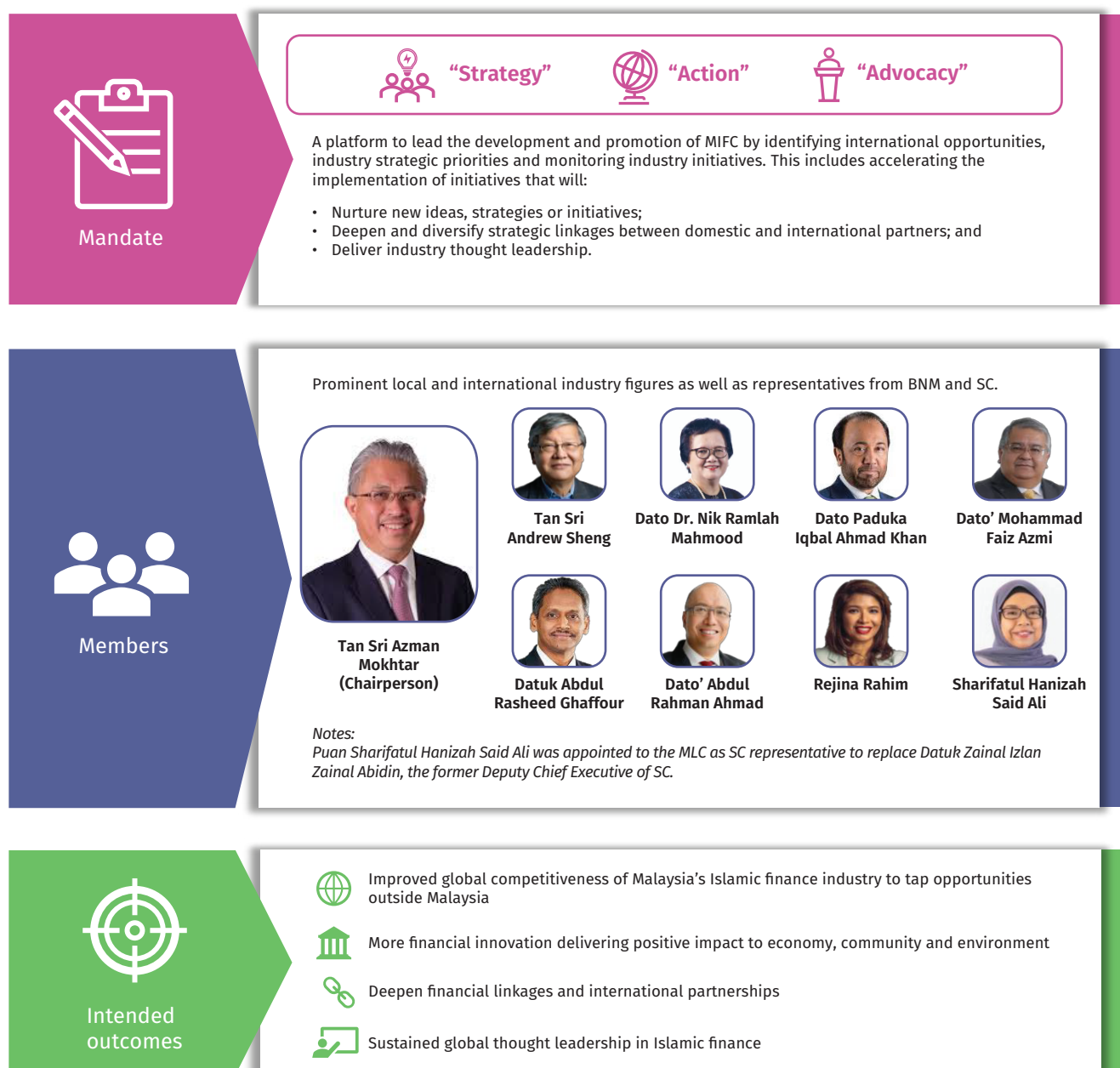
³ ICD – Refinitiv Islamic Finance Development Report (IFDI) 2022.

⁴ ICD – Refinitiv Islamic Finance Development Report (IFDI) 2022.

⁵ Organisation of Islamic Cooperation (OIC).

In support of this, the Bank and Securities Commission Malaysia (SC) initiated the establishment of the MIFC Leadership Council (MLC) in October 2022⁶ (Diagram 2). The MLC is an industry-led platform to advance MIFC propositions as a global marketplace and international gateway for Islamic finance. The MLC aims to provide stronger industry ownership in championing the MIFC agenda. This is in step with the more mature Islamic financial system in Malaysia. It also manifests a shift from stronger regulatory-led arrangements in the earlier stages of MIFC’s development. MLC is supported by a dedicated Secretariat. In 2023, MLC will focus on activating several work programmes. This includes positioning Malaysia as the preferred Islamic fund raising and investment destination, addressing inequality, promoting sustainability, elevating human capital and knowledge as well as digital empowerment.

Diagram 2: Mandate, Membership and Intended Outcomes of MIFC Leadership Council



⁶ The establishment of MLC was announced at the Global Islamic Finance Forum 2022 on 5 October 2022.