

Empowering Microentrepreneurs Through Expansion of iTEKAD

In 2021, the iTEKAD programme expanded with two additional banks coming on board. The financing solutions offered were also more diverse with the use of donation, social impact investment⁵ and cash *waqf* instruments in addition to returned *zakat* for the seed capital component. The respective banks also expanded collaboration with new implementation partners to enhance outreach and impact of the programme (Diagram 7). A pilot programme in 2021 facilitated a ‘test-and-learn’ approach to enhance the implementation of iTEKAD (Diagram 8).

Diagram 7: Participation of More Islamic Banks and Diverse Implementation Partners

	Since 2020	New in 2021	
Islamic banks	Bank Islam Malaysia Berhad	Bank Muamalat Malaysia Berhad	CIMB Islamic Bank Berhad
Programme name	iTEKAD Microfinancing	iTEKAD Mawaddah	CIMB Islamic Rider Entrepreneur Programme
Programme structure	Returned <i>zakat</i> ¹ and microfinancing facility	Returned <i>zakat</i> and two-tier <i>mudarabah</i> investment ¹	Internal CSR ² grant, cash <i>waqf</i> and microfinancing facility
Value added propositions	<i>Zakat</i> funded purchase of business equipment	Facilitation of <i>halal</i> certification process	CSR ² and <i>waqf</i> funded motorcycles and entrepreneurship training programme for beneficiaries, with prospective opportunity for business financing if required
Target beneficiaries	B40 and <i>asnaf</i> microentrepreneurs	<i>Halal</i> microentrepreneurs	Individuals from B40 and <i>asnaf</i> categories
Outreach	Kuala Lumpur, Perlis and Selangor	Nationwide	Klang Valley
Implementation partners	<ul style="list-style-type: none"> • Majlis Agama Islam Wilayah Persekutuan • SME Corporation Malaysia • Majlis Agama Islam dan Adat Istiadat Melayu Perlis³ • Teraju Ekonomi Asnaf Sdn. Bhd.³ 	<ul style="list-style-type: none"> • People Systems Consultancy Sdn. Bhd. • Serunai Commerce Sdn. Bhd. 	<ul style="list-style-type: none"> • Yayasan Belia Malaysia • Foodpanda (Malaysia) Sdn. Bhd. • Taylor’s University

Notes:

¹ Seed capital.




² Corporate social responsibility.

³ New in 2021.

Source: Bank Negara Malaysia, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad and CIMB Islamic Bank Berhad

⁵ Investment with the intention to generate tangible, measurable and beneficial social outcomes.

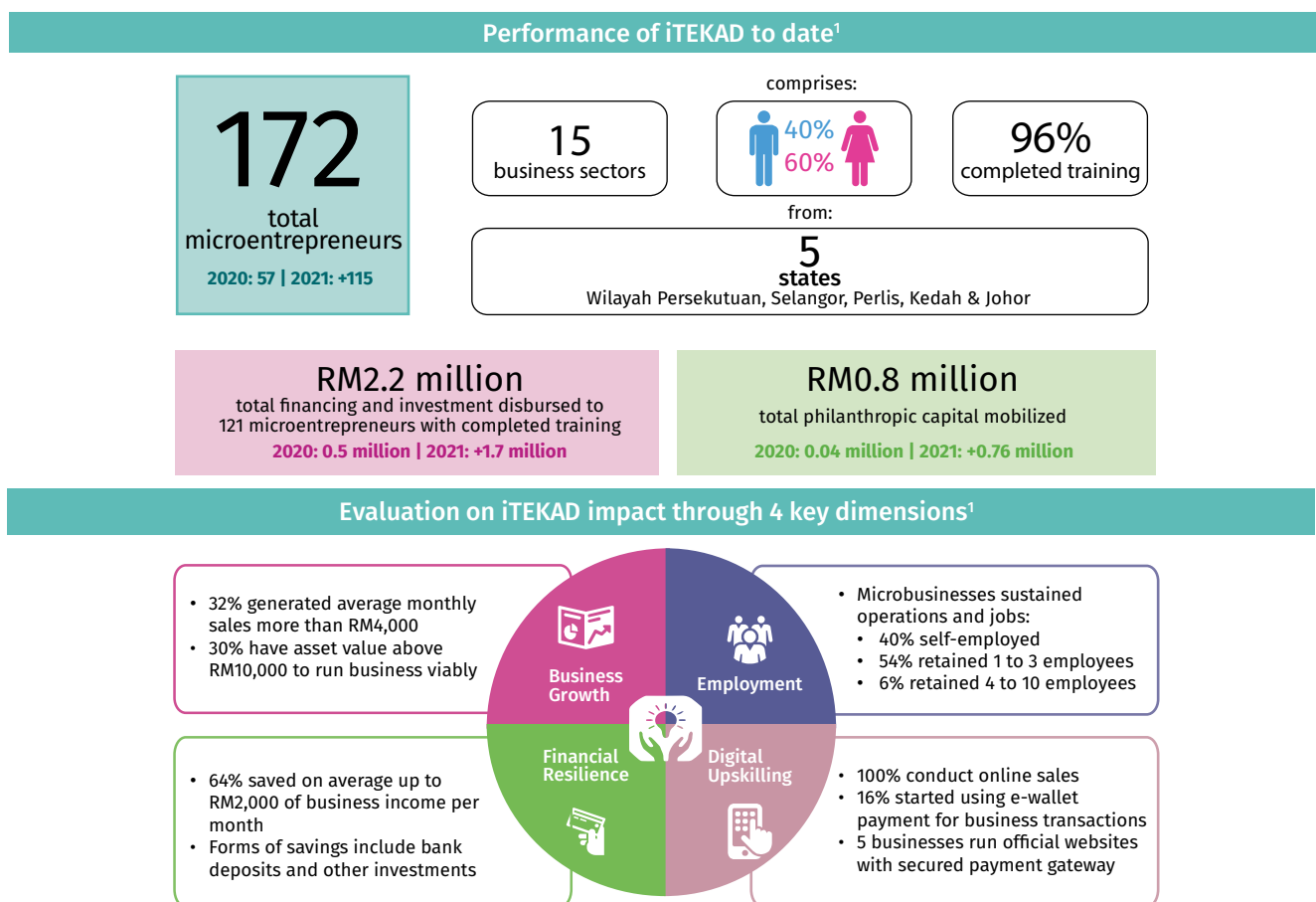
Diagram 8: Key Learnings From Pilot Programme for iTEKAD Implementation

Key learning points	Improvement measures
 <p>Effective partnership is critical to ensure smooth programme implementation</p>	Expand network of implementation partners with bespoke value-adding services and ability to widen outreach
 <p>Diverse financial structures that cater to specific needs of participants</p>	Design innovative instruments with flexible terms based on unique risk profiles, financing capabilities and business sectors
 <p>Impact evaluation and transparent reporting are vital for success of programme</p>	Measure meaningful impact seamlessly and disclose periodically using appropriate digital tools and communication mediums

Source: Bank Negara Malaysia, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad and CIMB Islamic Bank Berhad

The Bank also continuously monitored the performance of iTEKAD programme. This is to ensure it delivers positive impact to the ecosystem (Diagram 9).

Diagram 9: Performance and Impact Evaluation of iTEKAD Programme



Notes:

¹ All figures are as at 31 December 2021.

Source: Bank Negara Malaysia, Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad and CIMB Islamic Bank Berhad

Our efforts to expand iTEKAD nationwide continued by building strategic relationships and awareness among key stakeholders. During the *Majlis Munaqasyah Pengurusan Hal Ehwal Islam Negeri-Negeri Di Bawah Naungan Yang di-Pertuan Agong* on 9 November 2021, the six states under Yang di-Pertuan Agong's patronage expressed commitment to support the expansion of iTEKAD. The Government also announced a grant allocation of RM20 million in Budget 2022 to accelerate expansion of iTEKAD. The grant is intended to augment the seed capital component offered by participating banks in iTEKAD. These initiatives further support the scaling up of the programme to reach more targeted beneficiaries. In 2022 onwards, the Bank envisions more financial institutions to participate in iTEKAD with greater innovation when integrating social finance in financial services. These would support the mainstreaming of social finance as an integral component of the financial system.



Deputy Governor Abdul Rasheed Ghaffour at Majlis Munaqasyah Pengurusan Hal Ehwal Islam Negeri-Negeri Di Bawah Naungan Yang di-Pertuan Agong.