



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

INFORMATION NOTES :

THE MIFC INITIATIVE AND KEY ACHIEVEMENTS

MALAYSIA'S COMPREHENSIVE ISLAMIC FINANCIAL SYSTEM CREATES A LEADING EDGE

On 14 August 2006 the Malaysia International Islamic Financial Centre (MIFC) initiative was launched to position Malaysia in the forefront of Islamic finance to capture one of the fastest growing economic sectors where Islamic assets are set to hit USD1.4 trillion by 2010¹.

Chaired by the Governor of Bank Negara Malaysia, the MIFC Executive Committee acts as a single coordinating body to provide direction and ensure smooth implementation and efficient delivery of all MIFC-related initiatives. The committee comprises of top officials from relevant Government agencies, financial and market regulators, together with industry participants from the Islamic banking, takaful and capital market community in Malaysia. Membership

to the Committee is based on appointment by His Honourable Prime Minister of Malaysia.

¹ Source: zawya.com – Islamic assets set for 25% growth by 2010 (8 April 2008)

The MIFC initiative is an internationally recognised platform that positions Malaysia as an international Islamic financial hub for:

- Sukuk (Islamic Bond) Origination;
- Islamic Wealth and Fund Management;
- International Islamic Banking;
- International Takaful (Islamic Insurance); and
- Human Capital Development.

The MIFC Platform

Comprehensive and Competitive Islamic Financial Market	<ul style="list-style-type: none"> • Diverse pool of global and domestic players in Islamic finance • Wide range of innovative Islamic financial instruments • Liberal foreign exchange rules • Attractive tax incentives • One of the world's largest takaful market
Sukuk Hub	<ul style="list-style-type: none"> • Over 60% of outstanding sukuk globally • World's single largest issuance (almost USD5 billion) • Pioneer in innovative structures • Wide investor base • Facilitative issuance framework • World's most active sukuk origination centre
Progressive Islamic Legal, Regulatory and Shariah Infrastructure	<ul style="list-style-type: none"> • Robust, world class legal and regulatory framework • Well-developed Shariah governance • Efficient dispute resolution mechanism for Islamic finance matters
Quality Human Capital Development Infrastructure	<ul style="list-style-type: none"> • Expertise in research and advisory • Thought leadership in applied Islamic finance • Pool of high caliber Islamic professionals
Conducive Business Environment	<ul style="list-style-type: none"> • Strong economic fundamentals • Supportive Government policies

	<ul style="list-style-type: none">• Link between Asia Pacific, Middle East and Europe• Affordable cost of living• Quality healthcare, education and living facilities• Multilingual and educated workforce
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More information on the various opportunities under the MIFC initiative is available at www.mifc.com

KEY ACHIEVEMENTS OF MALAYSIA'S ISLAMIC FINANCIAL INDUSTRY

Sukuk Origination

- Over 60% (USD64 billion) of global outstanding sukuk is originated from Malaysia¹
- Strong average annual growth rate of 40% and total volume issued amounting to USD82 billion in 2007²
- 76% of Private Debt Securities approved in 2007 are sukuk³
- World's largest sukuk issued in 2007 worth RM15.35 billion (USD4.8 billion)

^{1,3} Source: Securities Commission Malaysia

² Source: Islamic Finance Information Service

Islamic Banking

- USD65.6 billion Islamic banking assets with an average annual growth of 18-20%
- Islamic assets account for 15.4% of total banking assets
- 36 financial institutions, comprising foreign-owned entities, conventional institutions with Islamic subsidiaries or Islamic banking windows, as well as entities conducting international Islamic banking business.
- More than 100 Islamic banking products and services

Takaful and reTakaful

- USD2.8 billion total assets with penetration rate of 7.2%
- Strong growth in assets and net contributions - average annual growth rate of 27% and 19% respectively, from 2003 to 2007
- Eight takaful operators and three retakaful operators, with foreign participants from the UK, Germany, Belgium, Japan and UAE

Islamic Wealth and Fund Management

- Over 85% of securities listed on Bursa Malaysia are Shariah-compliant¹
- First to issue Guidelines for Islamic REITs in 2005
- First to launch the Islamic REITs in 2005
- First to launch Islamic ETF in Asia worth USD262.5 million
- Over 135 Islamic unit trust funds with a net asset value of RM16.9 billion (USD4.8 billion)
- Strong compounded industry growth rate of 36% annually

¹ Source: Securities Commission Malaysia

Human Capital Development

- First to provide professional certification in Islamic finance via the Certified Islamic Finance Professional (CIFP) programme
- Establishment of RM200 million (USD56 million) fund as research grant, scholarships and to organise Shariah dialogues
- Dedicated International Shariah Research Academy (ISRA) for Shariah related matters in Islamic finance
- Four training institutions and seven universities providing Islamic finance courses

Regulatory and Shariah Infrastructure Development

- Adopts a parallel Islamic financial system which operates side by side with conventional financial system
- First to establish a Shariah Advisory Council (SAC) within the ambit of a regulatory framework
- Founding member and host country of the Islamic Financial Services Board (IFSB)
- First jurisdiction in the world to put in place a Shariah-compliant deposit insurance scheme

Global Recognition

- The MIFC initiative was awarded “Best International Islamic Finance Centre 2008” at the 2nd Annual London Sukuk Summit Awards of Excellence. The summit is endorsed by the UK Treasury, UK Trade & Investment (UKTI), City of London Corporation and London Stock Exchange

Promotions Unit
The Malaysia International Islamic Financial Centre (MIFC)
Bank Negara Malaysia
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