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Six Islamic banks launch IAP

> Investment Account Platform allows direct investment into syariah-compliant business ventures in various industries

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KUALA LUMPUR: The Investment Account Platform (IAP) launched yesterday is the first of its kind that allows for direct investment into syariah-compliant business ventures in various industries, intermediated by Islamic banks.

The platform, developed by a subsidiary of Raeed Holdings Sdn Bhd, a consortium of six Islamic banking institutions - namely Affin Islamic, Bank Islam, Bank Muamalat, Maybank Islamic, Bank Rakyat and Bank Simpanan Nasional - will provide a sustainable new source of

income for the participants.

According to Raeed Holdings CEO Mohamed Izam Mohamed Yusof, IAP's key differentiating factor is the trust factor provided by Islamic banking institutions' experience and expertise, which is valuable in boosting investors' confidence and enhancing financing opportunities for entrepreneurs.

To be kick started in March, IAP is expected to achieve a fund size of RM300 million within the next two to three years, he said.

Targeted at retail, institution investors and government entities, IAP will facilitate the matching between investors (from low to high

risk appetites) and entrepreneurs with various funding needs of RM500,000 and above for capital expenditure and working capital, and per project basis.

Before the ventures are listed on IAP, they will be independently reviewed and assigned a credit rating by RAM Holdings Bhd to boost investors' confidence and enhance financing opportunities.

"RAM's role in IAP is to provide an independent view on the creditworthiness or likelihood of the venture in meeting full and timely payment of expected profit and repayment of principal. This would require us to take into account factors beyond the track record of the entrepreneurs concerned, including industry risks and the viability of the proposal itself," RAM group CEO Datuk Seri Dr K. Govindan said in a statement.



Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz and Mohamed Izam (centre) at the IAP launch yesterday.

For entrepreneurs, IAP chairman Datuk Zamani Abdul Ghani said, raising funds via IAP will assist small and medium enterprises (SMEs) to retain their ownership even with financial injection.

"This is opposed to other fundraising mediums available in the market, which may dilute the equity interest of SME owners," he said.

Zamani noted that entrepreneurs have the

opportunity to enjoy competitive financing rates given their ability to pitch their proposal to multiple banks concurrently as well as to tap the banks' expertise in structuring financing that meet investors' requirements.

For investors, Mohamed Izam said, the return will be based on profit-sharing ratio or expected profit rate, which is higher than the current fixed deposit rate.

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