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| Islamic banks launch investment account platform | The Malaysian Insider | Wednesday | 17 th February 2016 |
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A group of six Malaysian Islamic banks today launched a sharia-compliant investment platform that could shift the role of Islamic lenders to investment intermediaries from credit providers currently.

The Investment Account Platform (IAP) will serve as a central marketplace to finance small and medium-sized businesses, with the Malaysian government backing the scheme with an initial RM150 million in funds.

"We're looking at raising between RM200 million and RM300 million (US\$47.53 million to US\$71.29 million) through the IAP over the next two to three years," chief executive Mohamed Izam Mohamed Yusof told reporters at the IAP's launch ceremony.

Its maiden project could be listed as early as next month, with future plans including listings in other currencies, he added.

Under the scheme, Islamic banks vet businesses seeking funds, provide a secondary market for investors and in some cases underwrite the equity transactions.

Under the government's Islamic Financial Services Act 2013, Islamic banks had to segregate Islamic deposits from investment accounts by July of last year, prompting them to diversify the financial products offered to customers.

The proportion of investment accounts to total funding for Islamic banks has risen to 10% as of December, from 7% in August, central bank governor Zeti Akhtar Aziz said at the launch ceremony.

"For Islamic banks, the IAP creates a differentiated product that presents a new source of income and funding profile," Zeti said.

The IAP is also open to international investors, with the government placing no restrictions on inflows of foreign capital into the IAP, profits from which are exempt from income tax for the first three years.

The six shareholding banks are Affin Holdings, Bank Islam Malaysia, Bank Muamalat Malaysia, Maybank Islamic, Bank Kerjasama Rakyat Malaysia and Bank Simpanan Nasional. – Reuters, February 17, 2016.