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IAP to impact strongly role of intermediation in Islamic finance	The Malaysian Reserve	Thursday	18 th February 2016

IAP to impact strongly role of intermediation in Islamic finance

THE Investment Account Platform (IAP) is likely to have a significant implication on the role of financial intermediation in the Islamic financial system, says Bank Negara Malaysia Governor Tan Sri Dr Zeti Akhtar Aziz.

She said the centralised multi-bank platform is more than just a new, innovative medium for Shariah-compliant investments and fundraising initiatives.

"It signifies a fundamental shift towards providing solutions that addresses the prevailing gap in the current risk-transfer financial regime to one that now allows for financial institutions.

"This to include a wider range of investment intermediation activities that emphasises

risk-sharing and thus facilitate a stronger linkage of finance and the real economy," she said in her keynote address before launching the platform in Kuala Lumpur yesterday.

The platform was developed by a consortium of six local Islamic banking institutions, namely Affin Islamic Bank Bhd, Bank Islam Malaysia Bhd, Bank Muamalat Malaysia Bhd, Maybank Islamic Bhd, Bank Kerjasama Rakyat Malaysia Bhd and Bank Simpanan Nasional.

As an Internet-based investment platform, Zeti said the IAP provides convenience and facilitates greater access, thus allowing for the efficient channelling of funds from investors to viable economic ventures and business activities.

"The IAP, together with the existing components of financial intermediation, will form a more complete and yet mutually complementary financial ecosystem.

"To ensure its success, there has to be greater awareness and understanding on the key features of the IAP and its embedded mechanisms by all stakeholders."

She also said Islamic finance in Malaysia has gone beyond achieving a market share target of 20% by 2010 as was envisioned in the Financial Sector Masterplan.

"It has also met the increasing and differentiated demands of the economy through the range of financial product offerings in Islamic banking, takaful and Islamic

capital market segments," Zeti added.

In advancing to the next level of growth and development, she said the Islamic Financial Services Act 2013 (IFSA) now provides the industry with the foundation to transition into its next stage of development.

The IFSA takes into account the specificities of Islamic finance while ensuring the robust governance of an end-to-end Shariah compliant regulatory framework.

"It also provides an enabling environment for Islamic banks to diversify their business through the offering of investment accounts as an alternative means of raising funds from the public," the BNM governor added. — *Bernamea*