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LABUAN HAS THE EDGE IN DEVELOPING OFFSHORE ISLAMIC FINANCIAL PRODUCTS

KUALA LUMPUR, Sept 5 (Bernama) -- Labuan has an edge over other international offshore financial centres (IOFCs) in developing offshore Islamic financial products, Labuan Offshore Financial Services Authority (LOFSA) director general Dr Awang Adek Hussin said.

"If you look around in the most objective fashion, look at the background of Labuan and the commitment of the government towards the Islamic banking system in Malaysia, Labuan, as an offshore centre, stands to be the most logical to handle offshore Islamic instruments compared with other offshore centres," he said in a recent interview in Labuan.

Prime Minister Datuk Seri Dr Mahathir Mohamad said recently the government would vigorously pursue introduction of offshore Islamic financial products in Labuan to allow the island to develop a niche in such products.

This was to take advantage of Malaysia's headstart in Islamic banking so that the Labuan IOFC would become a significant centre for the issue and marketing of internationally-accepted Islamic instruments.

Dr Awang Adek said Islamic banking in Malaysia had already developed to a great extent, and Labuan was the right place to be the centre for offshore Islamic products.

This, he said, was not just because of the country's outlook in terms of going regional and global but also in the fact that Islamic banking expertise could be sourced domestically since Malaysia was very advanced in terms of some Islamic banking products.

"So, it is very natural to have Labuan as an offshore centre for Islamic instruments because it is also Malaysia's financial "window" to the rest of the world," he added.

In order to get things right, Dr Awang Adek said LOFSA planned to hold an international seminar on offshore Islamic products.

"We hope to sit down and discuss with financial experts and religious scholars on the introduction of such products," he said, adding that some offshore banks in Labuan were already engaging in some Islamic banking products denominated in foreign currencies.

But as for Islamic trusts, funds and other types of financial instruments, he said the matter needed to be discussed in greater detail.

This approach was needed in order to handle the products in accordance with the Syariah and in a manner that would attract interest from potential users, he added. -- BERNAMA

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