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GOVT AGREES TO UPGRADE ISLAMIC BANKING SERVICES

KUALA LUMPUR, Jan 15 (Bernama) -- The government has agreed to upgrade the Islamic banking system from that of a counter service to a full-fledged branch-based one, deputy prime minister Datuk Seri Anwar Ibrahim announced tonight.

Anwar, also Finance Minister, said the decision was made in response to requests from financial institutions.

Speaking at a breaking of fast gathering organised by Bank of Commerce here, he said the Islamic banking system had proved to be successful with the involvement of 49 financial institutions and participation of Muslims and non-Muslims alike.

"Response has increased although the Islamic banking system represented only five percent of all banking activities," he added.

Anwar called for efforts to develop Islamic banking into a premier banking system given that the government had provided incentives.

He also urged financial institutions to be proactive and more aggressive in enhancing their capabilities.

The government wished to give more emphasis to the financial sector because its pace of development did not match that of the manufacturing sector.

Calling on the financial institutions to emulate several others in tapping opportunities overseas, he said with support from Bank Negara they too could enhance their capabilities.

Touching on the need to improve savings, Anwar said a gap still existed between savings and investment although Malaysia's level of savings at 38.6 percent was one of the highest in the world.

Anwar also stressed the importance of the information technology (IT) industry in placing Malaysia on the world map.

He said it was seldom that a forum like the one being attended by Prime Minister Datuk Seri Dr Mahathir Mohamad in Los Angeles was able to bring together so many experts of the world's information technology industry.

At tonight's gathering, stockbroking companies donated a total of RM10 million to charitable organisations. -- BERNAMA

SHO LDB