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MAHATHIR-IFSO

M'SIA WANTS TO PLAY BIGGER ROLE IN ISLAMIC FINANCIAL SYSTEM

KUALA LUMPUR, July 23 (Bernama) -- Malaysia hopes to play a bigger role in the Islamic financial system once it is chosen as the host for the Islamic Financial Services Organisation (IFSO), Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Malaysia has offered to play host to the recently established IFSO, and be responsible for the formulation and development of quality standards regulating Islamic institutions throughout the world, he said when answering a question from Abdul Hamid Abdul Rahman (BN-Sg Benut), at the Dewan Rakyat.

Mahathir said that Malaysia seemed to have successfully led Islamic countries in the development of Islamic banking with several countries adopting the Malaysian system of Islamic banking and also seeking Malaysia's advice in the setting up of Islamic banking in their own countries.

To continue to promote Malaysia as a leading Islamic Financial Centre, the country has implemented several programmes including establishing Labuan as an offshore Islamic banking and financial centre.

The Prime Minister said: "The Labuan Offshore Financial Services Authority (LOFSA), together with Bank Pembangunan Islam and several Islamic countries' central banks like that of Bahrain, Sudan and Indonesia have signed a memorandum of understanding to create an International Islamic Financial Market."

Apart from that, in the Group of Eight countries, Malaysia is committed towards promoting the establishment of takaful (insurance) companies in the Islamic countries to ensure that more networking on an international level can be conducted, he said.

Meanwhile, Mahathir said that the proposal by Malaysia for a gold-based Islamic dinar to reduce dependency on the US dollar, was under study.

"The proposal is being studied and we will be holding a seminar that would involve other Islamic countries and members of other banks to look into how we can establish the Islamic dinar," he said.

The study is also expected to look into what role the Islamic dinar can play in lifting trade between Islamic nations and also trade with other nations which acknowledge the currency.

Currently 80 percent of Malaysian trade payments made in the US dollar has strengthened the demand for the greenback and the currency itself, Mahathir said.

He said that although the country depended on the US dollar, it did not have to tie up the ringgit with the dollar.

In fact, if the country had its gold-based dinar Islam, all its trade transactions with Islamic countries and non Islamic countries, that have agreed to use the dinar, would become easier, he said.

Mahathir said, "When we depend on something, our independence is slowly eroded. The Islamic Dinar is an effort by the Barisan Nasional and also other governments and not an effort by the PAS government in Kelantan and in Terengganu." -- BERNAMA

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