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Don to brief PM on single Islamic currency

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FOUNDER of e-dinar Prof Umar Ibrahim Vadillo is expected to brief the Government on the implementation of a single Islamic currency.

The proposed currency is based on dinar and dirham denominations that are tied to the value of gold and silver in the open market.

Umar, who is also World Islamic Mint president, is expected to brief Prime Minister Datuk Seri Dr Mahathir Mohamad on the advantages of having the single Islamic currency.

"The meeting goes to show how serious Dr Mahathir is in seeing the use of the dinar and dirham as an Islamic currency into reality.

"He had expressed support in the recent past of the creation of an Islamic trading block and this is one of the mechanisms to achieve it," Prof Umar said.

Prof Umar, who is in the country to deliver a series of lecture on the Islamic currency, said he will discuss three vital aspects of the single Islamic currency.

These are the electronic payment system, creation of an Islamic trading market and qirad or investment.

The implementation of these proposals would conform to the set guidelines in that the dinar has to be developed independent of the current financial system in connection to the real economy.

"The dinar should not be legislated on the people but rather offered to them.

"We should also avoid grand schemes in the sense that we ought to start small and allow the use of dinar to become widespread among the people," Umar remarked.

Prof Umar successfully minted the first Islamic dinar in 1992.

The Islamic monetary system using the gold dinar with a specific weight of 22k gold equivalent to 4.25gm and the Islamic dirham with a specific weight of pure silver equivalent to 3gm was first established some 1,400 years ago.

Prof Umar who is also leader of the Murabitun, a movement that promotes the Islamic dinar and dirham as an alternative to capitalism said the proposal also details the establishment of the first prototype of an Islamic market.

He said the initial phase would involve the setting up of a network of 25 Islamic trading markets which would be financed through e-qirad, an electronic Islamic investment system.

"We are looking at Kuala Lumpur as the possible site of such markets," he said.

He said the promotion on the use of the dinar and dirham would naturally have to begin from traders and customers as a medium of exchange in their business transactions.

Prof Umar added that there are several advantages of using e-qirad as an Islamic investment tool.

These include doing away with the need for collateral, equity and time frame while qualities like honesty and performance of the individual would be the main criteria.

He said e-dinar Ltd hopes to begin negotiations with Bank Negara Malaysia on the latter's supervisory role in the implementation of the Islamic currency.

"We would expect the central bank to act as an escrow agency in the

capacity of an auditing supervisor.

"Bank Negara Malaysia would also be expected to exercise regulatory control in assuring that for every e-dinar there is one physical dinar," he explained.

e-dinar is an exchange system enabling the use of gold as money and to date has 300,000 people in 160 countries worldwide, including the US since it was introduced in 1997 through the website www.e-dinar.com.

Currently, the central repository of gold is located in Dubai and there are plans to set up a regional repository for Malaysia, Indonesia and Brunei to be based in Kuala Lumpur, Umar said.

Prof Umar expressed confidence that the Islamic dinar in an electronic form may well replace the US dollar as the main currency of the world in less than a decade.

"We have been registering a growth of 20 per cent every month in terms of new accounts," he said.

Prof Umar will deliver lectures on the "Building up of the Architecture of Dinar Economy" at the International Islamic University and University Malaya on January 25th and 28th respectively.

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