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SC chief urges more efforts to attract international funds

MORE efforts are required to develop the country's Islamic capital market to attract international Islamic investment funds, projected to grow between 12 and 15 per cent a year, Securities Commission (SC) chairman Datuk Ali Abdul Kadir said yesterday.

He said recent estimates show that about US\$1 trillion (US\$1 = RM3.80) of West Asia funds is currently invested in banks throughout the world, while more than 100 Islamic equity funds operate in various financial centres worldwide.

"Several of these funds have investments in Malaysian securities but in a limited portfolio, and obviously much more needs to be done to attract these funds," he said at the opening of the Islamic Capital Market Conference in Kuala Lumpur by Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday.

Ali said the large availability of Islamic funds internationally is a clear indication of the potential development of the country's Islamic capital market, which also calls for more efforts to attract such investments.

To develop the Islamic capital market in the country, Ali said the SC will focus on three fronts: establishing the necessary infrastructure support, increasing Islamic capital market instruments and enhancing awareness, knowledge and skills.

He said that in the Capital Market Master Plan, the SC has laid out a comprehensive plan for the Islamic capital market to progress.

This is encapsulated in 13 recommendations ranging from enhancing awareness of Islamic capital market products and its opportunities to strengthening and fostering its expansion and liberalisation.

"With the guidance of our Syariah Advisory Council, the SC expects significant things to develop in this area and to meet our goal of establishing Malaysia as an attractive international Islamic capital market centre," he said.

Ali believes that investors in the country's Islamic capital market will increase following the growing awareness of Islamic investment and the development of competitive and innovative Islamic products.

He said Malaysia can develop the market further, given the increasing number of Muslims and to a certain extent non-Muslims who prefer more Islamic investment products.

He said the Islamic capital market complements the conventional capital market by providing value-added services that meet the needs of the market for a broad range of instruments, and it has effectively mobilised and channelled the funds to fuel economic growth.

Ali said the Islamic capital market, Islamic banking and Takaful are the three pillars in the broadening and deepening of Islamic financial markets in the country.

While Islamic banking and Takaful have had a longer history, the development of the Islamic capital market saw dramatic growth in the 1990s - spearheaded mainly by corporate bodies which began utilising Islamic capital instruments to finance their business activities.

"At about the same time, investors started to invest in approved securities through market intermediaries that operate in accordance with Syariah principles," he added.

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