

08 DEC 2003

IFSB-COUNCIL

ISLAMIC FINANCIAL SERVICES BOARD OKAYS PLAN FOR NEW PRUDENTIAL STANDARDS

By: Lena Liew

MANAMA (Bahrain) Dec 8 (Bernama) -- The Kuala Lumpur-based Islamic Financial Services Board (IFSB) has approved a plan to introduce new prudential standards for corporate governance in the global Islamic finance industry.

The approval came after a IFSB council meeting which was attended by Governors of 12 central banks and monetary agencies and the president of the Islamic Development Bank, here.

Malaysia was represented by Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz.

IFSB is an association of central banks, monetary agencies and inter-governmental international organisations that have an explicit mandate for promoting Islamic finance.

The Gulf Daily News said in a newsreport that the council has also approved the application of the Bank for International Settlements to join as an associate member, while the Singapore Monetary Authority, Noriba Bank Gulf Investment House, Al Baraka Banking Group and National Commercial Bank were accepted as observer members.

The meeting was chaired by Bahrain Monetary Agency (BMA) Governor Sheikh Ahmed Mohammed Al Khalifa, the current chairman of the IFSB Council.

The Council comprises the president of the Islamic Development Bank (IDB) and governors of 12 central banks and monetary agencies of Bahrain, Brunei, Egypt, Iran, Indonesia, Qatar, Jordan, Kuwait, Pakistan, Malaysia, Saudi Arabia and Sudan.

Local newspapers reported IFSB secretary-general Dr Rifa'at Ahmed Abdel Karim as saying that the IFSB's membership has risen to 36, from the initial nine, with several applications pending.

Dr Rifa'at said IFSB was still in the process of setting up the rest of its infrastructure in accordance with the Shariah and other legalities.

As the Islamic Finance industry grows and more financial institutions join the IFSB, there will be a better basis and focus for regulation, he said.

"The key lies in regulation. With better regulation of the industry we can enhance transparency," the Gulf Daily News quoted Dr Rifa'at as saying.

The board sets and disseminates prudential and supervisory standards and core principles that are in compliance with the Shari'a for the regulation and supervision of the Islamic financial services industry.

It was inaugurated by then Malaysian Prime Minister Dr Mahathir Mohamed in November 2002, with Dr Zeti as chairman of the inauguration steering committee.

The founding members of the IFSB are the Bahrain Monetary Agency, Bank Indonesia, Bank Markazi Jomhuri Islami Iran, Central Bank of Kuwait, Bank Negara Malaysia, State Bank of Pakistan, Saudi Arabian Monetary Agency, Bank of Sudan and Islamic Development Bank.

The IFSB Council's meeting came a day before the 10th annual World Islamic Banking Conference (WIBC) on December 7 and 8.

Labuan Offshore Financial Services Authority director-general Rosnah Omar is scheduled to address the WIBC on December 8, while Maybank Bahrain has put up a booth at the IT for Banking and Finance exhibition held alongside the conference. -- BERNAMA

LL WNZ/MR

