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NOR-DINAR

M'SIA TO CONVINCING MORE OIC COUNTRIES TO USE GOLD DINAR

KUALA LUMPUR, June 16 (Bernama) - Second finance minister Tan Sri Nor Mohamed Yakcop says Malaysia is working hard to convince member countries of the Organisation of Islamic Conference (OIC) to use the gold dinar for bilateral trade and reduce their dependence on the US dollar.

In an interview with TV1 last night, he said Malaysia had been talking to a number of OIC countries to start using the gold dinar for trade.

"This is rather a complex matter and we have to take one step at a time to convince the other OIC countries on a bilateral basis to use the dinar. We will work hard on this because we feel that it is a noble idea," he said.

Asked whether Malaysia would raise the matter of using the gold dinar at the IDB annual meeting in Putrajaya next week, Nor Mohamed said the meeting presented a golden opportunity to think of ways to enhance co-operation between Muslim countries, especially in Islamic banking.

Malaysia, he said, was the first country to move into Islamic banking.

"We may have forgotten that it was in 1983 that (former Prime Minister) Tun Mahathir Mohamad decided to establish an Islamic bank and at that time no other country was brave enough to start Islamic banking because of certain fears. Now Islamic banking accounts for 10 percent of the banking assets in Malaysia and I think our target of 20 percent by 2010 is achievable.

"We have much experience in Islamic banking and we can discuss and provide training and advice to the other countries (which want to embark on it). Only Malaysia has a dual system of conventional and Islamic banking, and both systems have advanced, adequate and sophisticated infrastructures," he said.

Nor Mohamed said Sudan and Iran both have Islamic banking while the other countries have Islamic banking "on the fringe and not in the mainstream" and there are others which do not have Islamic banking at all.

"We have a unique system and we hope that Islamic banking will continue to grow in this country when compared with conventional banking," he said.

Nor Mohamed also said that the IDB meeting, to be hosted by Malaysia for the second time since 1978, is important because of the potential to enhance co-operation between Muslim countries.

If viewed from the trade perspective between Muslim countries, he said intra-trade between them only accounted for 12 percent of their total trade transactions while trade with non-Muslim nations was eight times more.

"This is very disappointing," he said.

Nor Mohamed said total trade of Islamic countries only accounted for seven percent of global trade although 15 percent of the world's population are Muslims.

"Although we have 60 percent of the world's natural resources, our trade is still small," he said. -- BERNAMA

MAS SHY