

Islamic gold dinar gains ground
Malaysiakini.com
September 4, 2010

Malaysians are embracing gold dinars which were introduced last month by Kelantan to promote usage of Islamic currency as an alternative to paper money, an official said today.

The gold coins and silver dirhams were introduced in early August by the Islamic opposition party PAS which rules Kelantan state to coincide with the start of the Muslim holy fasting month of Ramadan.

Umar Ibrahim Vadillo, chief executive officer with Kelantan Golden Trade, said the first batch of gold and silver coins worth RM2 million had been sold out in less than a month.

"There is enormous response in Malaysia. Their reaction is unbelievable," he told reporters.

"In Kelantan, businesses including garage owners and taxi drivers are using the gold and silver coins."

Civil servants in Kelantan are paid up to 25 percent of their salary in dinars and dirhams if they wish.

Umar said three more states controlled by the opposition - Selangor, Kedah and Penang - had indicated interest in minting similar coins.

"By the end of the year, we anticipate sales of the dinars and dirhams to hit 60 to 70 million ringgit," he said.

According to Islamic law, the dinar coin is 4.25 grams of gold, while the dirham is 3.0 grams of pure silver.

A gold coin is equivalent to about RM582 ringgit while the silver coin is worth around RM13 but their values fluctuate according to market prices.

Not legal tender

The coins were intended to be used as an alternative to the Malaysian ringgit and sen but are not legal tender.

"Of course it is not legal tender," Umar said. "The gold dinar is a commodity. The use of it is on a voluntary basis."

"The government of Kelantan has not received any petition from the government of Malaysia (against the usage)."

"The people in Kelantan have spoken loud and clear that they like the gold and silver coins," Umar said.

Former prime minister Abdullah Ahmad Badawi, whose administration promoted a moderate form of Islam that emphasised economic and scientific development, shot down the proposal to use the traditional Islamic currencies.

But his predecessor, Dr Mahathir Mohamad, was an advocate of the dinar system and urged

Muslim countries to use it as a trade instrument.

- AFP

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Source : <http://www.malaysiakini.com/news/141950>