

Use of gold dinar will stop currency war, says Dr M
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KUALA LUMPUR - Governments should consider the use of the gold dinar to stop a currency war, says former Prime Minister Mahathir Mohamad.

He said the US dollar depreciation created problems for countries as they needed to devalue their currencies in order to overcome the loss of competitiveness.

"If every country devalues its currency, there will be a currency war and, of course, it will contribute to the crisis," he told reporters after delivering a keynote address at the First World Conference on Riba here Monday.

Mahathir said gold has an intrinsic value and is therefore a better measure of value than currency notes.

"Currency notes have no backing unless it is sought after by people. If countries start to devalue their currencies, there will be chaos in international trade," he said.

On Islamic banking, Mahathir said financial institutions must be careful when introducing new products so as not to duplicate those already offered by conventional banks.

He said Islamic financial institutions should adhere to Islamic banking principles even when there is an opportunity for them to take over the responsibility of conventional banking. -
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