

# Call for bigger OIC nation participation in capital market

## FUND-SIZE BOOST:

Governments urged to give out more mandates for creation of syariah-compliant assets

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**I**SLAMIC finance wealth managers have called for stronger participation from other Organisation of Islamic Countries (OIC) in the creation of more syariah-compliant assets to further strengthen the industry.

"If you look at more than 1,000 syariah funds registered globally, most of the funds are less than US\$20 million (RM85 million) and are created by local managers for their own local markets.

With a fund size of US\$20 million, it is not profitable, and fund houses will face a catch 22 situation whether they should develop more funds.

To further enhance the depth and liquidity of the syariah capital market, institutions such as the pension funds, central banks, official institutions and sovereign wealth funds in OIC countries should give out more syariah mandates," said BNP Paribas Investment Partners Malaysia chief executive officer (CEO) and country head Angelia Chin-Sharpe in a recent interview.

"Malaysia has been strong in this aspect, as it has gained continuous institutional support from the Employees Provident Fund (EPF), government-linked companies and the



(From left) Maybank Islamic Bhd deputy CEO **Nor Shahrizan Sulaiman**, HSBC Amanah director of wholesale banking **Shahriman Shariff** and BNP Paribas Investment Partners Malaysia chief executive officer and country head **Angelia Chin-Sharpe** at the **Royal Award for Islamic Finance 2016** briefing in Kuala Lumpur recently.

government itself."

She said this was not the case with other OIC countries that have not given the same mandate as Malaysian institutions.

Malaysia has strong support from regulators such as the Securities Commission (SC) and the MIFC initiatives. This has made the country an international Islamic hub.

It is important that other OIC nations step up their efforts because we need liquidity and depth for more product development and asset diversification," said Chin-Sharpe, while noting that once institutional players help drive market developments in the capital markets, the retail players would jump on board.

Her call was echoed by Maybank Islamic Bhd deputy CEO Nor Shahrizan Sulaiman and HSBC Amanah director of wholesale banking Shahriman Shariff. They said the government of Malaysia can't be

the only one pushing this agenda.

Nor Shahrizan said with institutionalised push, asset creation will also be further intensified.

"Rather than making comparisons with conventional banking, we need to make Islamic finance assets more attractive," said Nor Shahrizan, adding that total Maybank Islamic assets under management (AUM) constituted 48 per cent, or RM133.6 billion, of the group's total AUM of RM280.6 billion.

"We cannot depend on banks alone, we need to have the governments and GLCs creating and pushing for more assets."

Shahriman, meanwhile, said although the Islamic finance wealth management industry is smaller compared with its conventional counterpart, it has excellent scope for growth, locally and globally.

"To say that the development of Islamic finance wealth manage-

ment, or even Islamic finance is slower than conventional finance is not fair as this industry has only been around for about 30 years but the conventional industry has been around for centuries," he said.

"I think what we have achieved in this short time is impressive and a further, stronger push is needed. This should come from the governments and institutions."

The SC is the final stages of formulating the Islamic Fund and Wealth Management Blueprint that will chart the strategy to position Malaysia as an international Islamic fund and wealth management centre. It will be launched soon and the action plans will be rolled out over five years.

The Royal Award for Islamic Finance 2016 is organised by Bank Negara Malaysia and Securities Commission Malaysia. For more information, visit [www.theroyalaward.com](http://www.theroyalaward.com)