Islamic instruments expand market share

ISLAMIC Banking expanded its market share of the total banking system in terms of assets and deposits, to constitute 8.7% and 10.3%, respectively as at end-July this year.

Islamic banking assets registered a market share of 8.2% last year. As at end-July, total assets of the Islamic banking system rose by 8.9% to RM64.16bil (end-2001: RM58.93bil), reflecting an 11% increase in deposits to RM52.3bil (end-2001: RM47.1bil).

Financing extended by the Islamic banking system increased by 17.6% to RM33.16bil during the same period.

A significant proportion of financing was channelled for the purchase of houses and passenger cars, increasing by 33% and 10.8%, respectively to account for 27.5% and 20.3%, respectively of total financing.

Trading in the Islamic interbank money market was active with a monthly average of RM23.009bil (Jan-July 2001: RM22.7bil), on account for higher demand for short-term Islamic financial instruments.

To-date, the Islamic banking system comprises two Islamic banks, namely Bank Islam Malaysia Bhd and Bank Muamalat Malaysia Bhd.

A significant development affecting discount houses was the extension of Bank Negara liquidity framework to the industry effective June 1, aimed at instilling good liquidity management and enhancing its capability in managing liquidity risk.