



# A NEW FUTURE

**Islamic banking has grown steadily in Malaysia, creating new opportunities for bankers. It is no doubt then, why it is one of the most sought after sectors among fresh graduates. We find out what it entails and how you can be part of it with Bank Islam.**

*By Chow Ee-Tan*

**T**he concept of Islamic banking was introduced in the 1960s but it was only towards the end of the last millennium that it grew significantly. By 2008, Islamic banking was growing at a rate of 10 to 15 per cent per year with signs of consistent future growth. Islamic banks have more than 300 institutions spread over 51 countries.

Two basic principles behind Islamic banking are the sharing of profit and loss and, significantly, the prohibition of the collection and payment of interest. Collecting interest is not permitted under Islamic law. The basic principle of Islamic banking is based on risk-sharing, which is a component of trade rather than risk-transfer,

which is seen in conventional banking. Islamic banking introduces concepts such as profit sharing (Mudharabah), safekeeping (Wadiah), joint venture (Musharakah), cost plus (Murabahah) and leasing (Ijar).

"In Malaysia, Islamic banking started as a matter of conviction to Islamic principles to serve the needs of the Muslim community," says Mohd Nazri Chik, Chief Shariah Officer, Bank Islam who is fondly known as Ustaz Nazri. "But now Islamic banking is one of the agenda of the nation and a mainstream system with commercial banks also participating in this sector due to the opportunity and the value behind the Islamic banking system."

***“All good core values are shared between all the religions. To be a professional in Islamic banking, we try to live out the values of the Quran. The challenge of being in a corporate institution is how to inculcate the values into your organisation.”***

He says in Malaysia, Islamic banking can be found in four main modalities, namely full-fledged Islamic banks (there are five of them), subsidiaries from commercial banks, Islamic banking units of foreign banks; and Islamic window of SME Bank, EXIM Bank and the likes.

Across the world, Islamic banking is moving to non-conventional markets and unchartered territories such as non-Muslim countries, says Nazri, who serves as deputy chairman in the Shariah council of the Islamic bank in Sri Lanka. “London, Hong Kong and Singapore are aiming to be Islamic financial hubs.”

Unsurprisingly then, opportunities in Islamic banking are fast-growing. “As a developing nation, we will be moving towards alternative asset management rather than just conventional banking as income margin becomes thinner and people are more knowledgeable and financial savvy,” says Nazri.

Bank Islam’s corporate objective and vision is to become a global leader in Islamic banking. “Our intention is not to become the biggest but we want to be the industry leader in terms of product development, in terms of giving back to the society,” he says, adding that the bank

continues to improve in its innovative product offerings and provide leadership to the industry and often engages with government agencies and associations. “We are here to share our professionalism with other institutions and work in synergy with them,” says Nazri.

## **LEADING THE WAY**

A retail bank with close to 4,300 employees in 140 branches across the country, Bank Islam is the first full-fledged Islamic bank in Malaysia. It was set up in 1983 primarily to assist the financial needs of the country’s Muslims. Since then, Bank Islam has paved the way for the continuous development of Islamic banking and finance beyond the Malaysian shores.

Nazri says the bank has received invitations from overseas to help spearhead the development of Islamic banking. Its Shariah advisory business is helping banks, cooperatives, finance companies and companies convert their institutions from conventional to become Islamic institutions.

According to Nazri (who is the recipient of the Asian Young Prominent Banker Award by Asian Banker Magazine), joining an Islamic bank will benefit young bankers as there are many learning opportunities for fresh graduates.

“All good core values are shared between all the religions. To be a professional in Islamic banking, we try to live out the values of the Quran. The challenge of being in a corporate institution is how to inculcate the values into your organisation,” says Nazri.

“At Bank Islam, we aspire to serve for the greater good, constantly seeking to fulfil the country’s national agenda and make for a better society and ummah overall. Working with us means not only will you contribute to the growth of Bank Islam but you will also grow as a person, able to operate at the highest capacity possible in a responsible manner and contribute to the positive development of the community. Within this industry, it is to our aspiration to see you reap the benefits of both worlds, capable of meeting the highest international banking standards with exacting adherence to Shariah ethical principles.” ©