

MEDIA RELEASE

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BANK ISLAM LAUNCHES iTEKAD MICROFINANCING PROGRAMME

Programme to benefit 100 micro-entreprises with an allocation of RM5.3 million in microfinancing facility and zakat contribution

KUALA LUMPUR, Thursday, [14 May 2020]: Bank Islam Malaysia Berhad ("Bank Islam") today launch iTEKAD microfinancing programme, a social finance initiative to support sustainable income generation and financial resilience of asnaf and B40-owned micro-entreprises in the current challenging landscape.

The introduction of the programme was mentioned by YAB Prime Minister Tan Sri Muhyiddin Mohd Yassin in his Prihatin Rakyat Economic Stimulus Package announcement on 27 March 2020 to facilitate funding and providing support for micro-entrepreneurs and those impacted by the loss of income due to COVID-19. Designed to mobilise social finance contributions; the programme offers seed capital with an affordable microfinancing arrangement for eligible applicants to start and grow their business to generate sustainable income. In addition to the funding of working capital, iTEKAD will use zakat fund for the purchase of tools and equipment required for eligible recipients.

iTEKAD also involves collaborations with selected implementation partners such as State Islamic Religious Councils, agencies and non-government organisations. As the pioneering participating Islamic financial institution, Bank Islam will be working together with Majlis Agama Islam Wilayah Persekutuan ("MAIWP") and SME Corporation Malaysia ("SME Corp. Malaysia") in the first phase of the programme. Through this collaboration, recipients will receive structured entrepreneurship and financial management training to ensure they receive a more holistic understanding, skills and knowledge in managing their business efficiently and sustainably.

YB Senator Datuk Dr Hj Zulkifli Mohamad Al-Bakri, Minister in the Prime Minister's Department (Religious Affairs) officiated the launch of iTEKAD programme at Kompleks Islam Putrajaya. Also present, Bank Islam's Chief Executive Officer, Encik Mohd Muazzam Mohamed; Deputy Governor of Bank Negara Malaysia ("BNM"), YBhg Datuk Shaik Abdul Rasheed Abdul Ghaffour; CEO of SME Corp. Malaysia, Encik Noor Azmi Mat Said and Deputy CEO of MAIWP, Encik Mohd Nizam Yahya.

At the launch, YB Senator Datuk Dr Hj Zulkifli Mohamad Al-Bakri said, “Islam is a religion that encourages helping each other through thick and thin and the iTEKAD microfinancing programme is an avenue to assist the B40 micro-entrepreneurs and asnaf who are greatly affected by the COVID-19 pandemic.”

Bank Islam Chief Executive Officer, Encik Mohd Muazzam Mohamed said, “COVID-19 has adversely impacted the global economy, including Malaysia. The economic pressure is most felt by the most vulnerable segment, which consists of B40 individuals and B40-owned micro-enterprises. As a bank that cares and aims in realising United Nation’s Sustainable Development Goals (“SDG”), the implementation of iTEKAD is parallel to the Bank’s values in enhancing the wellbeing of the people through the preservation of wealth, lives, prosperity and intellect. The social finance programme is also in line with the Value-Based Intermediation philosophy, thus further fortify the Banks’ commitment in supporting small businesses to navigate in facing the current adversaries towards achieving continuous prosperity.”

Bank Islam is allocating RM5 million from BNM’s Micro-Enterprise Facility Fund (“MEF”) for this microfinancing programme. It is for working capital or funding of capital expenditure to selected B40 and asnaf micro-entrepreneurs. Eligible applicants that adhere to the asnaf criteria guided by Shariah rules and principles will benefit from a provision of RM300,000 Zakat fund of Bank Islam.

Details of iTEKAD Microfinancing programme are as follows:

No	Features	Details
1	Programme limit	RM5 million
2	Type of financing	Business Financing-i Tawarruq (BF-i Tawarruq)
3	Eligibility criteria	<ul style="list-style-type: none"> a. Meets micro-enterprise definition by SME Corp. Malaysia b. Malaysian-owned micro-enterprise (Malaysian residing in the country that holds a minimum 51% shareholding in the business) c. Micro-enterprise registered with Companies Commission of Malaysia (“SSM”) or statutory bodies for professional service providers d. Minimum one year in business e. Applicants are between 21 to 61 years of age on the date of submission f. Verified/concurred by Bank Islam’s approved implementation partner(s)

4	Financing limit	Minimum: RM5,000 Maximum : RM50,000
5	Tenure of financing	Minimum: 1 year Maximum: 5 years
6	Collateral	Not required
7	Payment	Monthly instalment
8	Application turnaround time	a. Internal approval within six working days from submission of complete documentation b. Disbursement within four working days after receipt of MEF fund from BNM
9	Documents required for application	a. Copy of identity card b. Business information (e.g. business type, address, annual income, business owner's information, number of workers, etc.) c. Proof of business income (e.g. Income Tax Form B, latest six months bank statement, etc.) d. Proof of business operation (e.g. business registration, business permit, etc.) e. Utility bill, and f. Other relevant documents
10	Programme availability	1 May 2020 until the limit of RM5 million is utilised

Encik Mohd Muazzam adds, “Bank Islam has always believed that Islamic finance instruments that focus on social wellbeing can be utilised to support Malaysia's growth in becoming a high-income nation. The Bank has positioned Social Finance initiative as part of our 2021 Goals, and while strategising its wider implementation before the outbreak. As the world grappled with the economic outcome of COVID-19, the pandemic has accelerated our social finance mission due to the urgent need to explore all possible options to mitigate its impact to people's livelihood and nation's economy as a whole. We aim to improve the lives of those in need by driving resources towards results, and confident this can be achieved through the introduction of iTEKAD.

“We thank Bank Negara Malaysia in continuously promoting the financial inclusion agenda, ensuring the underserved segments to grow and sustain their income, ultimately improving their standard of living. The *Pembiayaan Mikro* scheme by the Central Bank has benefitted a significant number of micro-enterprises in facing challenging business environment since its inception in 2006, and now, the scheme is being broadened to include iTEKAD programme.

“We honour the trust given to us by the Government and BNM in piloting this social finance initiative. We believe that banking is not about making profit but also assisting the community and business owners in uplifting their livelihood and ensuring sustainability in business. The first phase of the programme expected to benefit 100 recipients by the end of the year 2020, and we hope this number will grow in the future. To date, we have received 14 number of applications, mainly from micro-entrepreneurs in food & beverages, manufacturing and services sectors within Wilayah Persekutuan. The selected participants will be undergoing training under SME Corp. Malaysia beginning July 2020,” he further adds.

CEO of SME Corp. Malaysia, Encik Noor Azmi Mat Said said, “We are excited with the introduction of iTEKAD as it widens the support given to the business community, ensuring the micro-enterprises are not left behind in the current challenging business landscape”.

“SME Corp. Malaysia is also delighted to be part of this social finance initiative as participants can leverage on our expertise and effective training to enhance their capability and knowledge for the benefit of their businesses.”

For further information on iTEKAD programme can be found at <https://www.bankislam.com/business-banking/sme-banking/iTEKAD>.

About Bank Islam Malaysia Berhad

Bank Islam Malaysia Berhad was established in 1983 as the nation's first Islamic Bank. To date, the Bank has a network of 144 branches and more than 1,000 self-service terminals nationwide. To meet the diversity of the public's financial needs, Bank Islam offers more than 70 *Shariah*-based banking products and services which cater to Muslims and non-Muslims. For more information on Bank Islam products and services, visit www.bankislam.com.my or call Bank Islam Call Centre at 03-26 900 900.

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