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RAM: 25% of Islamic banking assets by 2017

by FARAH ADILLA

RAM Ratings Services Bhd projected Islamic banking assets to represent 25% of the Malaysian banking sector by 2017.

The rating agency, through its *Islamic Banking Bulletin* published yesterday, said the Malaysian Islamic banking industry's assets have almost doubled in the last five years, expanding to RM423 billion as at end-February 2014 from the RM220 billion recorded in 2009 and accounting for 21% of the banking system's assets.

"The various initiatives implemented by Bank Negara Malaysia (BNM) and the emphasis on the Malaysia International Islamic Financial Centre have been propelling Islamic banking. A progressive set of regulations and an attractive tax environment have also continually strengthened Malaysia's position in Islamic banking," it said in the bulletin.

RAM said Islamic banking in Malaysia entered a new era with the implementation of the Islamic Financial Services Act 2013 (IFSA), which repealed the Islamic Banking Act 1983 and the Takaful Act 1984 while incorporating elements from the

Payment System Act 2003 and the Exchange Control Act 1953.

RAM said it has rated the major Islamic banks in Malaysia, comprising Islamic banks under universal banking and global banking groups, as well as stand-alone Islamic banks in the bulletin.

"The introduction of the *Islamic Banking Bulletin* underlines RAM's continued commitment to providing the market with thought leadership in Islamic banking," it said.

RAM ranked Maybank Islamic Bhd on the first spot, which asset base stood at RM113.7 billion as at end-September 2013.

Over the same period, CIMB Islamic Bank Bhd is ranked second and Bank Islam Malaysia Bhd at third with RM52.8 billion and RM41.8 billion asset base, respectively.

By customer deposits, Maybank Islamic ranked on the first spot with RM74.9 billion customer deposits as at end-September 2013. Over the same period, CIMB Islamic was ranked second and Bank Islam Malaysia Bhd at third with RM38.4 billion and RM35.4 billion customer deposits respectively.