

# MALAYSIA WEEKLY ECONOMIC NEWS

(15 August 2016 – 19 August 2016)

Topics	Highlights
<p><b>BNM governor launches Educator's Manual on Shariah standards</b></p>	<p>Datuk Muhammad Ibrahim (Governor of Bank Negara Malaysia (BNM)) launched the Educator's Manual (EM) on Shariah standards and operational requirements according to the Murabahah principle. The launch of the EM marks another important milestone in BNM's endeavour towards enhancing the quality of education, particularly on Islamic finance education in Malaysia. The manual serves as an important learning material for teaching faculties as well as students who have an interest in Islamic finance. The EM was jointly developed by BNM in collaboration with the International Shariah Research Academy for Islamic Finance (ISRA) and Islamic Banking and Finance Institute Malaysia (IBFIM). The EM summarises the principles, pillars and components of Murabahah, including the best practices in an illustrative and attractive format to make the learning experience more exciting and interactive. Two higher learning institutions, namely Universiti Sains Islam Malaysia (USIM) and Universiti Islam Antarabangsa Malaysia (UIAM) have agreed to be the pilot strategic partners to adopt the EM.</p> <p>(Source: NST, 15 August 2016)</p>
<p><b>Neelofa spearheads 'CelebExports' programme with MATRADE</b></p>	<p>The aggressive trade and promotional efforts of MATRADE should elevate Malaysia to 20<sup>th</sup> spot amongst the world's largest exporting countries in the next two to three years. This will be done through the aggressive push for the 150 programmes lined up this year to promote Malaysian businesses abroad. This was announced by Datuk Dzulkii Mahmud (CEO of MATRADE) at the launch of the 'CelebExports' programme, with local celebrity Neelofa. He said Neelofa, whose multi-million ringgit hijab export business is an example of MATRADE's efforts to tap into the business potential of celebrities and the effort to promote a broader range of Malaysian goods and services internationally. Neelofa said her range of hijabs generated RM5 million in online sales whereby RM2.1 million of that amount in countries like France, Norway, UAE, UK, and Saudi Arabia. Malaysia currently holds 23<sup>rd</sup> spot (according to the 2015 ranking) in the World Trade Organisation's list of the world's top exporting countries.</p> <p>(Source: NST, 15 August 2016)</p>
<p><b>Islamic finance has entered the mainstream</b></p>	<p>BNM said the Islamic finance scene in Malaysia has broken into the mainstream and grown into a key segment in the financial system. From less than four Islamic banks and takaful players before year 2000, there are now 27 players that offer over 100 financial products beyond the basic financial offerings. The Islamic banking assets have grown beyond the targeted 20% as intended in the central bank's Financial Sector Masterplan, accounting for 27% of the financial system. The penetration rate for takaful now stands at 14.8% of the population, indicating growing acceptance of takaful products. Meanwhile, from a global perspective, Malaysia is at the forefront of international developments in Islamic finance, amid growing cross-border transactions. Malaysia's sukuk market constitutes more than 50% of global sukuk outstanding for the past 16 years. Malaysia as an international Islamic finance marketplace offers an attractive and facilitative platform for foreign issuers to tap our domestic sukuk market.</p> <p>(Source: The Edge Financial Daily, 16 August 2016)</p>
<p><b>Malaysia no longer stuck in 'middle-income trap', says PEMANDU</b></p>	<p>Malaysia is no longer stuck in the "middle-income trap" on the back of steady growth in the gross national income, (GNI) especially after the implementation of the Economic Transformation Programme (ETP). Datuk Seri Idris Jala (CEO of PEMANDU) said the country's GNI in 2015, which stood at US\$10,570 per capita, is now only 15% away from the high-income economy benchmark. In 2010, Malaysia's GNI per capita was at US\$8,280, representing a gap of 33%. This is</p>

	<p>clear evidence that Malaysia have become unstuck from the middle-income trap. Malaysia is also gradually removing subsidies and have undertaken various reforms to lower fiscal deficit and stimulate private investment growth.</p> <p>(Source: NST, 17 August 2016)</p>
<p><b>Agent Banking Initiative Helps 99% Malaysians Access Formal Financial Services</b></p>	<p>Agent banking, an initiative that employs the blue ocean concept, has allowed 99% of Malaysians, including those in the rural and remote areas to access formal financial services. BNM said the initiative had transformed the country's banking landscape into a more inclusive financial sector. Agent banking provided basic banking services such as accepting deposits and facilitating withdrawals, as well as fund transfers, bill payments and financing repayments. Agent banks have enabled them to save more in terms of money and time spent on the journey. Financial institutions are also able to save more than 80% if they were to open and operate a basic branch which could cost up to RM1.5 million.</p> <p>(Source: The Edge Financial Daily, 18 August 2016)</p>
<p><b>Fitch maintains 'A-' rating for Malaysia with stable outlook</b></p>	<p>Fitch Ratings has affirmed Malaysia's long-term foreign- and local-currency issuer default ratings (IDRs) at 'A-' with stable outlook, reflecting the country's strong net external creditor position. The credit ratings agency said the real gross domestic product (GDP) growth also remained stronger than the median of 'A' rated peers and a current account that was still in surplus although it had been narrowing. "The economy continues to slow and Fitch forecasts real GDP growth of four per cent in 2016, down from five per cent last year. "However, on average real GDP growth still remains stronger than the 'A' median," it said, adding that private consumption demand and continued spending on strategic projects by the government and state-owned enterprises would boost growth. This will counter some of the downside pressures from weak external demand, the credit ratings agency noted. Fitch pointed out that continued fiscal consolidation had supported stabilisation in the federal government debt and deficit ratios. Meanwhile, it also affirmed Malaysia's senior unsecured foreign- and local-currency bonds at 'A-' and 'F1', while the short-term local-currency IDR at F1.</p> <p>(Source: NST, 19 August 2016)</p>

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