

**Malaysian Experience in the Islamic Banking Industry****Reality and Challenges****التجربة الماليزية في الصناعة المصرفية الإسلامية****الواقع والتحديات****Dr. Ahmed MEDANI****Laboratory of Globalization and its Impact on the Economies of North****Africa****Hassiba Benbouali University of Chlef, Algeria****a.medani@univ-chlef.dz**

Received: 17.09.2018 ----- Accepted: 19.09.2018

**Abstract :**

For the past five years, Malaysia's Islamic banking industry has experienced rapid growth rates of more than 15% per annum in total assets since 2011. In 2015, Malaysia's total banking finance assets reached 685.39 billion ringgit, representing 26.8% of total global Islamic banking assets, Behind Iran and Saudi Arabia. And raising awareness of the Islamic banking industry in Malaysia to a very acceptable level and general acceptance of the industry's products of assets, deposits and financing, the Islamic banking market has acquired about 30% -32.1% of the total Malaysian banking market, including the traditional monopoly sector of the market.. Nevertheless, the industry has great prospects and competitive in the face of the many challenges in Malaysia.

**Keyword :** Islamic banking industry, reality, challenges, Malaysia.

**Jel Classification Codes :** G23, H54.

### ملخص:

على مدى السنوات الخمس الماضية، شهد قطاع الخدمات المصرفية الإسلامية الماليزية نمواً سريعاً بمعدل نمو يزيد على 15% سنوياً من حيث الأصول منذ عام 2011. وفي عام 2015، وصلت ماليزيا تسجيل إنجازات كبيرة بلغ مجموع أصولها 685.39 مليار رينغيت ماليزي والتي تمثل نحو 26.8% من إجمالي الأصول المصرفية الإسلامية العالمية، بعد كل من إيران والمملكة العربية السعودية. وعلى الرغم من أن الوعي العام تجاه الصيرفة الإسلامية في ماليزيا يعتبر بمستوى مقبول، من حيث الأصول والودائع وتمويل القطاع المصرفي الإسلامي الذي يستحوذ على 30%- 32.1% فقط من إجمالي الأسواق المصرفية التي لا تزال بعيدة عن القطاع المصرفي التقليدي. ومع ذلك، فإن هذه الصناعة لديها آفاق كبيرة وتنافسية في مواجهة العديد من التحديات في ماليزيا.

**الكلمات المفتاح :** الصناعة المصرفية الإسلامية، الواقع، التحديات، ماليزيا.

**تصنيف JEL:** G23, H54.

### 1. Introduction :

Islamic banking has the potential for further contributions in at least three dimensions. First, it promises to foster greater financial inclusion, especially of large underserved Muslim populations. Second, its emphasis on risk-sharing feature means that it could provide support for small and medium-sized enterprises (SME), as well as investment in public infrastructure.

Finally, its risk-sharing features suggest that Islamic finance may, in principle, pose less systemic risk than conventional finance. For this potential to be realized, however, and to allow this industry to develop in a safe and sound manner, a number of challenges will need to be addressed.

This industry has grown rapidly and has become a global industry, where the estimated size of this industry is projected to reach US\$3.5 trillion by 2020 (Secretary-General of CIBAFI).

In Malaysia, this industry has developed rapidly, making it a global pole in the field of Islamic banking at present. This banking has emerged in Malaysia since the establishment of the first Islamic bank in 1983 until the total of these banks reached five Islamic banks, local and foreign, and eleven Islamic subsidiary banks owned by conventional banks, local and foreign.

According to Islamic Financial Services Board 2016 report, the Malaysian Islamic banking sector shared 9.3% of the total global Islamic banking assets, behind only to Iran and Saudi Arabia. In other words, the Malaysian Islamic banking sector has also been growing equally fast vis-à-vis the global Islamic banking development. Since the very beginning Islamic banking sector of the country was supported by the government and as a result Malaysia has become world's leading Islamic financial centre.

## **2- Islamic finance industry : its concept, size and Malaysia's share of them**

### **2-1- The concept of the Islamic finance industry :**

Islamic finance is an alternative system to the traditional financial system, characterized by its Shariah-compliant services and the low risk of its investment instruments, the most important of which are Islamic Sukuk.

It is composed of private financial and banking entities, namely Islamic banks, Islamic capital markets, Islamic investment funds and Takaful insurance companies. These entities are governed by Islamic law and the finance industry rules and regulations that apply to their conventional counterparts (Faleel Jamaldeen, 2012, p :11).

Although the idea of Islamic finance is old and has been developed by many Muslim scholars, but political and social turmoil put the brakes on Islamic finance for a very long time; only in the 20th century did Muslim scholars and academics seriously begin to revisit these topics (and, in doing so, set the stage for the modern Islamic finance industry to emerge in the 1970s).

Islamic finance is a term that reflects the financial activities, which Do Not contradict to Islamic principles. It is based on Islamic Law - Sharia'a principles Islamic Finance as a viable alternative (Akmal Hanuk, 2012, PP : 12-13):

System embedded in principals of economic and social justice.

- Money not considered as commodity which has a price.
- Not based on interest, debt & speculation.
- Risk is shared – avoiding exploitation of individuals.
- Both parties to have full knowledge of transaction and its risks & rewards.
- Only allowed to trade what you own and asset must change hands.
- Encouraging institutions to give time to individuals in debt.
- Encourages people to not live beyond their means.
- 'Save now, buy later'.
- Equitable economic distribution.

## 2-2- Size of the Islamic financial industry and Malaysia's share of them:

### a. Size of the Islamic financial industry globally :

The global Islamic financial services industry reached an overall total value of USD1.88 trillion as of 2015 YTD (see Table 01), weathering a series of economic challenges ranging from prolonged low energy prices and downwardly revised economic growth outlook, to geopolitical conflicts, exchange rate depreciations and an assets sell-off spree in emerging markets. There was a marked change from the double-digit growth rates of recent years. In comparison to values reported in the previous IFSB Islamic Financial Services Industry (IFSI) Stability Report 2015, by sector, the global *sukūk* outstanding (based on par value at issuance) has declined by 1.4% to USD290.6 billion, while Islamic funds' assets have contracted by 6.3% to USD71.3 billion. In contrast, the *takāful* sector is estimated to have expanded by 8.4% to USD23.2 billion, while the dominant Islamic banking sector has grown moderately at 1.4% to USD1.5 trillion (Islamic Financial Services Board, 2016, p : 07).

**Table N<sup>o</sup>. 01**

### **Breakdown of Islamic Finance Segments by Region (USD billion, 2015)**

<b>Region</b>	<b>Banking Assets</b>	<b><i>Sukūk</i> Outstanding</b>	<b>Islamic Funds' Assets</b>	<b><i>Takāful</i> Contributions</b>
<b>Asia</b>	209.3	174.7	23.2	5.2
<b>GCC</b>	598.8	103.7	31.2	10.4
<b>MENA (exc. GCC)</b>	607.5	9.4	0.3	7.1
<b>Sub-Saharan Africa</b>	24.0	0.7	1.4	0.5

<b>Others</b>	56.9	2.1	15.2	–
<b>Total</b>	1496.5	290.6	71.3	23.2

**Source :** Islamic Financial Services Board, Islamic Financial Services Industry, Stability Report, May 2016, Bank Negara Malaysia, Kuala Lumpur, Malaysia, p : 07.

#### **b. Malaysia's share of Islamic financial industry:**

- **For Islamic banking :** By jurisdiction, Iran continues to maintain its top position by holding the largest share of Islamic banking assets, equivalent to more than 37% of the assets of the global Islamic banking industry. In contrast, GCC shares increased from global Islamic banking assets, with Saudi Arabia accounting for 19%, the United Arab Emirates 8.1% and Qatar 5.1%. Malaysia and Turkey shares fell slightly in the first half of 2015 in US dollars to 9.3% and 2.9%, respectively.

- **For sukuk industry :** Only five countries account for 94% of the volume of Sukuk issued globally, with Malaysia 57%, Saudi Arabia 17%, followed by the United Arab Emirates (10%), Indonesia (6%) and Qatar (4%). Followed by Turkey 2%, Bahrain Hong Kong with 1% each (International Islamic Financial Market (IIFM), 2016, p : 43). As well, Malaysia's sovereign and quasi-sovereign financial issuances for more than one year have already increased from US \$ 8.1 billion in 2014 to US \$ 14.3 billion in 2015. On the other hand, the number of corporate issuances reached 238 issues with a total value of US \$ 11.57 billion in 2015 against 211 issuances of US \$ 9.96 billion in the previous year 2014 (Ambrose, 2015, website).

- **For Islamic funds:** Malaysia holds the largest share of global Islamic funds at 24% of the global share, and the second largest market in Islamic Islamic funds with 28% of its market share as per 3Q2015. The total value of Islamic investment funds in Malaysia in June 2015 was 117.40 billion ringgit (US \$ 27.20 billion), representing 17.9% of the market share of the

total fund industry in Malaysia. These Islamic funds account for 25.3% of the total Islamic asset management industry as of June 2015 at the local level. (Malaysia International Islamic Finance Centre (MIFC), 2015, pp : 02-05).

**- For Takaful industry:** In the Takaful industry, Malaysia is in third place with 13.6% after both Saudi Arabia (36.6%) and Iran (33.6%) (Islamic Financial Services Board, 2016, p : 24).

The following table shows Malaysia's share and rank of Islamic finance sectors :

**Table N<sup>o</sup>. 02:**

**Malaysia's share and rank of Islamic finance sectors in 2015**

<b>Islamic Finance Sector</b>	<b>Share &amp; rank of Malaysia by total assets</b>	<b>First country share</b>
<b>Islamic banking</b>	9.3% (Rank 3)	Iran (37%)
<b>Sukuk</b>	57% (Rank 1)	Malaysia (57%)
<b>Islamic funds</b>	28% (Rank 2)	Saudi Arabia (41%)
<b>Takāful</b>	13.6% (Rank 3)	Saudi Arabia (36.6%)

**Source :** Various related sources.

### **3- Development review of Islamic banking and its outlook :**

#### **3-1- What is Islamic Banking?**

Islamic banking is a diversified activity that is in line with Shari'a principles and is presented through the Islamic Banking Channel. These principles emphasize the high ethical values of all Islamic financial and banking transactions on a global scale. One of the most important principles

of Islamic banking financing is that it is not acceptable to deal with riba on loans and deposits, and not to engage in any activity that contravenes the principles of Islamic law. The recent period has witnessed the establishment of a large number of Islamic banks to provide a legitimate alternative to conventional banks for Muslims and non-Muslims. (Institute of Islamic banking and assurance, Al Baraka Banking Group, 2017, website).

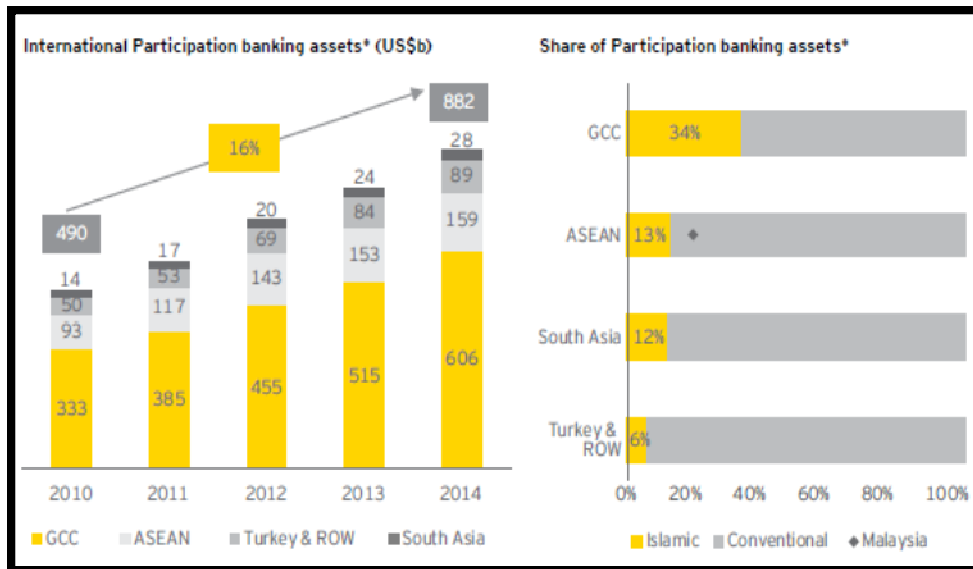
### **3-2- Evolution of Islamic banking and its outlook :**

Islamic finance has grown rapidly over the past decade, and its banking segment has become systemically important in a number of countries across Asia and the Middle East. Global Islamic banking assets totalled \$1.5 trillion at the end of 2015, having increased by 16% per annum between 2010 and 2014 (Ernst & Young, 2016, p : 10). Full Islamic banks account for around 85% of assets, with the remainder accounted for by conventional banks that offer Islamic finance services.

#### **Figure N<sup>o</sup>. 01:**

#### **International Participation banking assets**



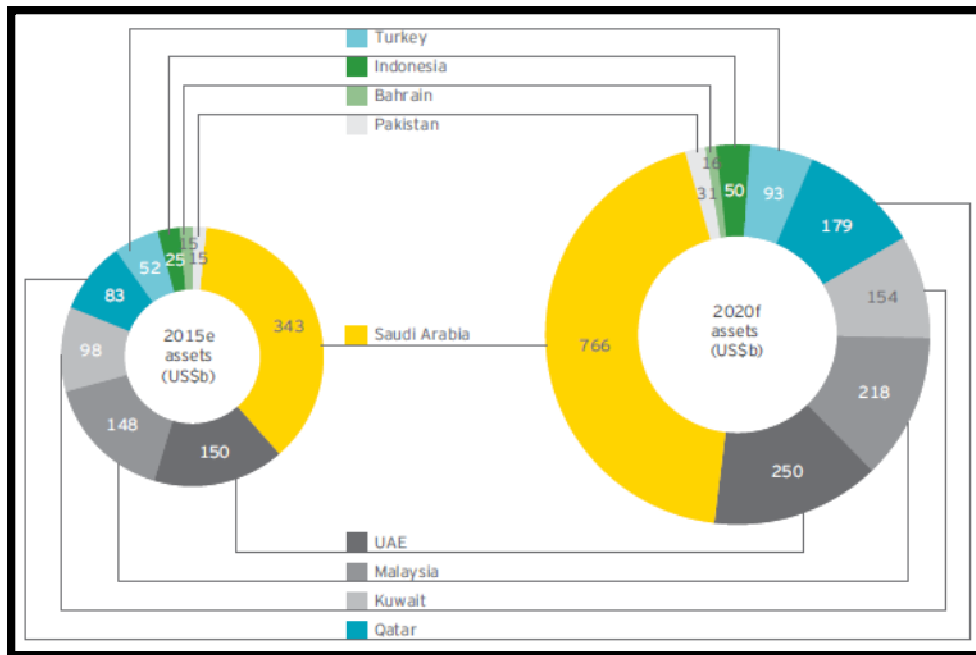


**Source :** Ernst & Young, World Islamic Banking Competitiveness Report 2016, p : 10.

QISMUT+3 Participation banking assets are set to cross US\$920b in 2015. Expect a CAGR of 14% through 2015–2020, with total assets reaching US\$1.8t across these nine important markets.

**Figure N°. 02:**

**Islamic banking industry in 2020: a potential scenario**



**Source :** Ernst & Young, World Islamic Banking Competitiveness Report 2016, op.cit , p : 18.

Based on banking sector asset projections, key players identified on account of “average annual growth rate” and “banking sector assets” are Saudi Arabia, Qatar, Pakistan, UAE and Turkey. On the other hand, for Participation banking, Saudi Arabia, Kuwait, Bahrain and Qatar will be the major players in terms of banking market share by 2020.

#### **4- Malaysia : A global hub for Islamic banking**

##### **4-1- Malaysia’s Islamic financial overview :**

Malaysia’s Islamic financial industry has been in existence for more than 30 years. According to Reuters, Malaysia has one of the world’s largest Islamic finance sectors and the authorities are keen to develop it further, Thus Malaysia became occupies the first rank in the many aspects of this industry.

***Table N<sup>o</sup>. 03 :*****Malaysia Islamic finance snapshot 2013**

	Malaysia	% Of global total	Global leader (Absolute numbers)
<b>Total Islamic finance assets (banking, takaful, Other IFIs, sukuk and other Islamic capital market)</b>	US\$423.29 billion	25.53%	Malaysia
<b>No. of Islamic financial institutions</b>	76	7.65%	Saudi Arabia (99)
<b>Islamic banking assets (for Malaysia, includes Development Financial Institutions)</b>	US\$170.28 billion	14.02%	Iran (US\$319.01 billion)
<b>Takaful assets</b>	US\$8.596 billion	30.88%	Saudi Arabia (US\$11.05 billion)
<b>Disclosed CSR Funds</b>	31	7.99%	UAE (85)
<b>Education Institutions</b>	44	9.22%	Malaysia
<b>Research Papers (2011-2013)</b>	421	30.89%	Malaysia
<b>No. of Shariah Scholars</b>	188	22.46%	Malaysia
<b>News Articles</b>	2626	18.12%	UAE (3006)
<b>Seminars &amp; Conferences</b>	52	22.51%	Malaysia

**Source:** ICD-Thomson Reuters Islamic Finance Development Indicator 2014.

At the end of 2013 the Islamic capital market (ICM) formed 56.4% of the overall capital market but Islamic banking assets only reached 21% of total banking assets and takaful only made up 10% of the whole insurance sector.

***Table N<sup>o</sup>. 04 :***

### Islamic financial assets in Malaysia as % of total financial sector, 2013

Sector	% Of total financial sector assets in Malaysia
Islamic banking	21%
Takaful	10%
Islamic Capital Market	56.4% of overall capital market
Listed companies	71%
Equity market capitalisation	60.5%
Sukuk outstanding	49.67%
Islamic funds	16.7%

*Source:* Bank Negara Malaysia, Securities Commission Malaysia, 2014.

#### 4-2- Islamic banking growth in Malaysia :

##### a- Evolution schema :

The concept of Islamic banking in Malaysia emerged in the early years of the 1980s with the aim of helping the Muslims and providing them with superior services and better than the Tabung Haji Group (the Board of Directors of the Pilgrims and the Monetary Fund) established in 1963.

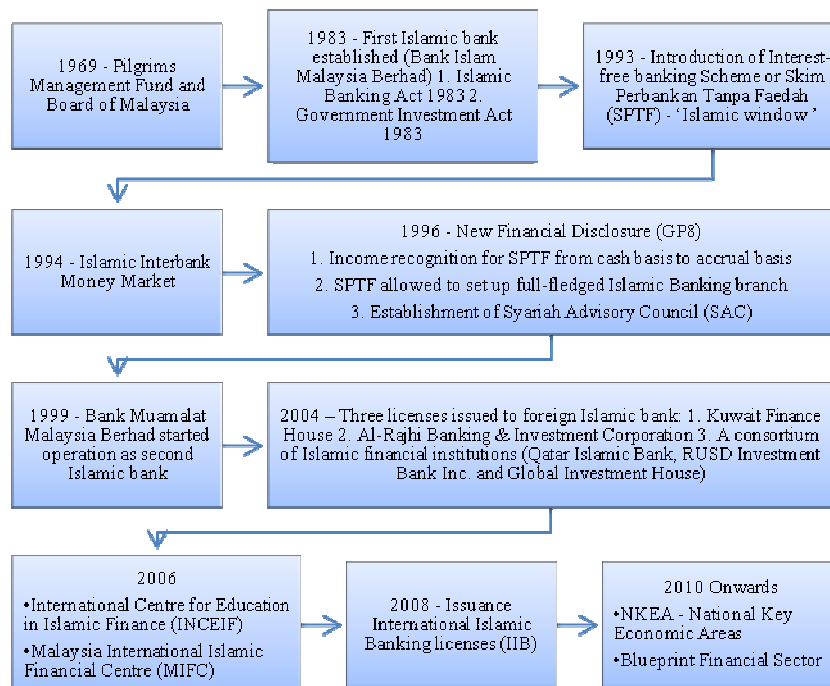
In order to strengthen the dual banking system to be more effective in promoting Islamic banking as a whole, the Malaysian government allowed traditional banks to open Islamic windows in 1993 to provide Islamic banking services within the liberalization of the banking industry. This decision has helped increase the competitiveness of the Malaysian banking

industry and increase the productivity of Islamic banking operations (Ching Wing Lo and Chee Seng Leow, 2014, pp : 526-527).

Starting in 2000, the Islamic banking sector in Malaysia has grown at an annual rate of 18% in terms of total assets, but the Malaysian government has been targeting a growth rate of 21% of the total market share in 2014. This is an important factor under the plan Term solutions that helped transform Malaysia into a leading global Islamic banking center.

***Chart N<sup>o</sup>. 03:***

**Evolution schema of Islamic banking in Malaysia**



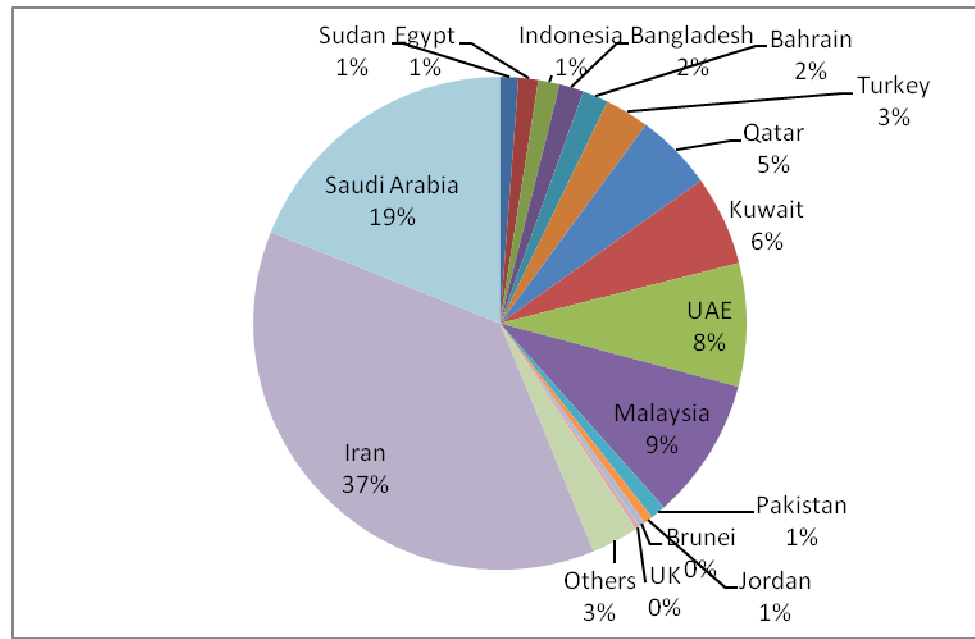
**Source :** Expert Group Meeting on Islamic Banking and Finance, Islamic banking : Malaysia's perspective, Ankara, Turkey, 25-26 March 2014, pp : 7-8.

**b- Size of the banking industry :**

The popularity of Islamic banking in Malaysia is reflected in the numbers. In 1H2015, assets of Islamic banks operating in Malaysia, accounted for 9.3% of total global Islamic banking assets. Only banks in Iran and Kingdom of Saudi Arabia had larger shares, 37 and 19%, respectively (Islamic Financial Services Board, 2016, p : 09) (Chart 04).

***Chart N<sup>o</sup>. 04:***

**Shares of Global Islamic Banking Assets (1H2015)**



**Source :** Islamic Financial Services Board, op.cit, p : 09.

The assets of Islamic banking in Malaysia amounted to 685,391.9 billion RM in 2015, which accounted for almost 26.8% of total assets in the banking system of the country. In 2008, that share was about 22.4%, so it increased over the last few years (Table 05). Also the share of Islamic financing and Islamic deposits increased. In 2015 the share of Islamic financing was 31.3%, while in 2011 it was less than 24.3%. Similarly, in

2015, the Islamic deposits represented almost 30% of all the deposits in the Malaysian banking sector in comparison with 24.4% in 2011.

***Table N<sup>o</sup>. 05 :***

**Islamic banking Indicators in Malaysia (2011-2015)**

	As at end				
	2011	2012	2013	2014	2015
<b>Islamic Banking System</b>	<b>RM million (or otherwise stated)</b>				
<b>Total assets</b>	<b>434,665.</b>	<b>494,705.</b>	<b>558,295.</b>	<b>615,190.</b>	<b>685,391.</b>
	<b>5</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>9</b>
% of total assets of entire banking system	22.4	23.8	25.0	25.5	26.8
Total financing	268,251.	314,973.	370,673.	427,887.	495,004.
	5	3	8	8	6
% of total loans / financing of entire banking system	24.3	25.8	27.5	29.2	31.3
Total deposits and investment accounts	-	-	-	-	550,139.
					7
Total deposits	340,695.	386,196.	436,327.	494,738.	502,992.
	8	8	6	3	4
Total investment accounts	-	-	-	-	47,147.3
% of total deposits and investment accounts of entire banking system	24.4	25.6	26.7	28.2	30.0
	%				
Risk-Weighted Capital Ratio	15.0	14.5	-	-	-
Core Capital Ratio	12.1	12.0	-	-	-

Total Capital Ratio	-	-	15.1	16.2	16.1
Tier 1 Capital Ratio	-	-	12.8	12.9	12.3
Common Equity Tier 1 Capital Ratio	-	-	12.8	12.8	12.3
Return on Assets	1.0	1.3	1.2	1.1	1.0
Net Impaired Financing Ratio	1.6	1.2	1.0	0.9	0.9

**Source :** Bank Negara Malaysia, Financial Stability and Payment Systems Report 2015, p : 132.

### **4-3- The success factors and challenges of Islamic banking industry in Malaysia :**

#### **a- Success factors of the banking industry in Malaysia :**

The 1993 was an important year for Islamic banking industry in Malaysia. In this year Ministry of Finance introduced legislation regulating an “Interest Free Banking Scheme”, which was actually a step liberalising Islamic services in the country. As a result those services started to be offered by about 50 financial institutions, such as commercial banks, finance companies, merchant banks, cooperative banks and discount houses. Also in 1993 Malaysian central bank, Bank Negara Malaysia (BNM) undertook an initiative that further boosted growth of Islamic finance in the country. It was a creation of Islamic interbank money market, which was essential for managing liquidity of Islamic banks (S. Haron, N. Ahmad, 2000, pp. 155–163).

One of the most important factors in the development and continuation of Islamic banking is the Muslim population and the acceptance of dealing with Islamic banking products. Malaysia's population is estimated at 30



million and is expected to reach 32 million by 2020. (Ching Wing Lo and Chee Seng Leow, 2014, pp : 527-528).

Another important factor, contributing to the development of Islamic banking in Malaysia, was establishment of the National Shariah Advisory Council (NSAC) in 1997 as the highest shariah authority on Islamic banking and takaful (Islamic insurance) in Malaysia. The main objectives of the NSAC include: acting as the sole authoritative body to advise the central bank on Islamic banking and takaful operations, coordination of shariah issues with respect to Islamic banking and finance, analysing and evaluation of shariah aspects of new products and schemes submitted by the banking and takaful institutions.

It should also be added that in recent years, Islamic banking in Malaysia has been promoted through special fiscal incentives, such as (Iwona Sobol, 2014, p : 245):

- 10-year tax holidays on income earned from the Islamic banking operations conducted in foreign currencies by international banks from years of assessment 2007 until 2016 ;
- 10-year stamp duty exemption on instruments executed pertaining to Islamic banking operations in foreign currencies undertaken by international Islamic banks from years of assessment 2007 until 2016 ;
- Tax exemption on any profits paid out by Islamic banks to non-residents for deposits placed at those banks ;
- 20% stamp duty remission on Islamic finance instruments as approved by Bank Negara Malaysia from 2 September 2006 until 31 December 2015 ;

- Tax exemption for five consecutive years given to Islamic banks from payment of income tax in relation to sources of income derived from its overseas branch or investee company.

The Malaysian regulations also guarantee some personal tax incentives. These are (Iwona Sobol, 2014, p : 245):

- Tax exemption on any profits paid out by an Islamic bank to individual residents and non-resident depositors,
- Withholding tax exemption on income received by non-resident experts in Islamic finance.

So Malaysian Islamic banks offer their clients products that satisfy the same needs as the products offered by conventional institutions. Additionally they give their clients the feeling of involvement in the operations which are ethical. Because, it should be stressed, there is more to Islamic banking than only elimination of *riba*. All Islamic financial products should be also free from any form of deceit or exploitation. This can be one of the reasons why not only Muslims are attracted to Islamic banking in Malaysia, but also people of other religions. The other reasons are the tax incentives mentioned above and the fact that some Chinese banks have been actively promoting Islamic products to their customers.

#### **b- challenges of the banking industry in Malaysia:**

That although Malaysia is considered to be the country, where Islamic finance, including banking, has gained a big success, the country's system meets also some challenges (Alfred Kammer & al, 2015, pp : 16.26 - Dato' Sri Zukri Samat, 2011, pp : 25-29 - Mohamad Zaid Mohd Zin & al, 2011, p : 183):

##### **➤ Misunderstandings of Islamic banking :**

Many people have a lack of understanding of Islamic banking or have misconceptions about it. Among other things, we mention the following:

- Islamic banking does not make a profit because it does not permit dealing with bank interest;
  - Islamic banking is not offered outside the Middle East ;
  - Islamic banking is a monopoly on Muslims only.
- **Multiple views in Islamic Shariah :**
- Differences of opinion in the areas of law may increase the issue more complicated ;
  - Guidance of Shariah interpretation to serve business and commercial feasibility.
- **Trend towards equitable financing (Mudharabah & Musharakah) :**
- Converting commercial banks to serve as investment capital, requiring expertise, expertise and risk management capacity;
  - The potential for conflict of interest;
  - Underwriting and risk tolerance as well as the size of the balance sheet;
  - Regulatory system and risk management.
  - Financial safety standards of accounting and auditing.
- **Raise competitiveness:**
- Increased overcrowding concerns within the Malaysian banking system;
  - Dynamic and continuous development of financial services and products in all aspects of life.
  - Increased financial innovation in traditional financial institutions creates pressure on Islamic banks.
- **Fierce competition to attract talent:**

- The significant shortage of highly qualified human resources in Islamic finance at all levels of banking administration;
- The lack of Sharia scholars with the difficulty of combining knowledge in Islamic law and the modern financing aspect;
- The issue of “poaching” in emerging Islamic financial centers (Bahrain, Dubai, Hong Kong, Singapore and London) as well as by competitors in Malaysia,
- Look for effective ways to attract experts and develop highly qualified human labor..

It can be said that academics and practitioners need to focus on local capacities in important areas, which will contribute to the development of Islamic finance and banking, make them able to compete with traditional banking and avoid any immoral investment that can affect the credibility of this type of financing. (Prof Dr Khaliq Ahmadi, 2016, website).

Therefore, every type of financial asset must be scrutinized using Shari'ah standards. This role can be played by the Central Bank of Malaysia, Shari'ah Supervisory Boards of Islamic Banks and the Shari'ah Advisory Board of the Securities Commission of Malaysia, which achieves the legal credibility and economic efficiency of Islamic banking products and protects the rights of all investors.

## **5- Conclusion :**

At the end of this research it can be said that the Malaysian experience in the field of Islamic banking is a distinct experience , it has become exported to various parts of the world, and attracts distinguished scientists and researchers in the banking industry in the world through work in Malaysia or provide their experiences through conferences, workshops, lectures or

consultations to contribute to the renaissance of this sector, accompanied by substantial support from the government and the central bank at the level of regulations and legislation, Which raised Malaysia to become the third largest pole of the Islamic banking industry in the world after both Iran and Saudi Arabia.

This experience can not be described as perfect, where is appreciated that there is a modern and integrated experience, but this experience has not ignored the shortfall and the many challenges it faces, so I worked and still working on:

- Encouraging specialists in the islamic sciences to enter this sector and provide research and studies and legalization of Islamic banking issues, and keen on narrowing the space of disagreement between the scientists in Malaysia and the scientists in the Gulf region especially in matters such as the issue of Tawarruq and the sale of debt.
- Diligence of Central Bank of Malaysia in issuing the necessary legislation to enable the Islamic banks and financial institutions to operate their activities normally.
- Establishing of integrated infrastructures interested in education, training and specialized research in the field of Islamic finance such as: International Centre for Education in Islamic Finance (INCEIF), International Shari'ah Research Academy for Islamic Finance (ISRA), and the Malaysian Islamic International Financial Center.
- Maximum exploitation of Islamic banking capabilities.

**References :**

- [1] Akmal Hanuk, *Introducing Islamic Finance* (2012), Islamic Banking & Finance Centre (IBFC UK), June 13, UK.
- [2] Al Baraka Banking Group, *Principles of Islamic Banking*, on the following website :  
<http://www.albaraka.com/default.asp?action=article&id=46>
- [3] Alfred Kammer & al (2015), *Islamic Finance: Opportunities, Challenges, and Policy Options*, International Monetary Fund, April.
- [4] Ambrose, *Size of Sukuk Market* (2015) – IIFM, Islamic finance, 11th April 2016, at site :  
<https://www.islamicfinance.com/2016/04/size-sukuk-market-2015-iifm/>
- [5] Bank Negara Malaysia (2015), *Financial Stability and Payment Systems Report*.
- [6] Bank Negara Malaysia (2014), *Securities Commission Malaysia*.
- [7] Ching Wing Lo and Chee Seng Leow (2014), *Islamic Banking in Malaysia: A Sustainable Growth of the Consumer Market*, *International Journal of Trade, Economics and Finance*, Vol. 5, No. 6, December.
- [8] Dato' Sri Zukri Samat (2011), *Islamic Banking: Lessons and challenges in Malaysia & beyond*, Bank Islam Malaysia Berhad.
- [9] Ernst & Young (2016), *World Islamic Banking Competitiveness Report*.
- [10] Expert Group Meeting on Islamic Banking and Finance (2014), *Islamic banking: Malaysia's perspective*, Ankara, Turkey, 25-26 March.

- [11] Faleel Jamaldeen (2012), Islamic Finance For Dummies, September, Dummies.
- [12] ICD-Thomson Reuters Islamic Finance Development Indicator 2014.
- [13] Institute of islamic banking and assurance, What is islamic banking ?, An article on the following website : [http://www.islamic-banking.com/what\\_is\\_ibanking.aspx](http://www.islamic-banking.com/what_is_ibanking.aspx)
- [14] International Islamic Financial Market (IIFM) (2016), Sukuk report (A comprehensive study of the Global Sukuk Market), March, 5<sup>th</sup> Edition, Manama, Kingdom of Bahrain.
- [15] Islamic Financial Services Board (2016), Islamic Financial Services Industry, Stability Report, May, Bank Negara Malaysia, Kuala Lumpur, Malaysia.
- [16] Islamic Financial Services Board, Islamic Financial Services Industry, Stability Report, May 2016, Bank Negara Malaysia, Kuala Lumpur, Malaysia.
- [17] Iwona Sobol, Islamic banking –The case of Malaysia, Research papers of WROCLAW University of economics , N<sup>o</sup> 370, 2014.
- [18] Malaysia International Islamic Finance Centre (MIFC), Islamic funds industry : 2015 review & outlook, 30 December 2015, Malaysia.
- [19] Mohamad Zaid Mohd Zin & al, Growth and Prospect of Islamic Finance in Malaysia, International Conference on Social Science and Humanity, IPEDR vol.5 (2011), Singapore.
- [20] Prof Dr Khaliq Ahmadi, Islamic banking's challenges and goals, An article published on 18/04/2016 at the website :

<http://www.nst.com.my/news/2016/04/139794/islamic-bankings-challenges-and-goals>

- [21] S. Haron, N. Ahmad, The Islamic banking system in Malaysia, [in:] Islamic Finance: The Task Ahead. Proceedings of the Fourth Harvard University Forum on Islamic Finance, Center for Middle Eastern Studies, Harvard University, Cambridge, MA, 2000.