



# INVESTMENT ACCOUNT-*i* : OUR JOURNEY & EXPERIENCE

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OUR JOURNEY

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## OUR JOURNEY



**Restricted Investment Account**  
(RIA – April 2015)



**Unrestricted Investment Account**  
(URIA – June 2015)



## PRODUCT STRUCTURES & DISTINCT FEATURES



### Al-Ansar SME Financing

- Restricted Investment Account - based on Wakalah
- Specific mandate by investor (Risk Acceptance Criteria/ Underwriting Criteria, Recovery arrangement, etc)
- Close-end Fund
- Off Balance Sheet (MFRS 10)



### Al-Awfar Investment Account

- URIA – based on Mudharabah (PSR 98:2)
- Unique Selling Proposition – Opportunity to win cash prizes
- Prescribe underlying assets – house financing portfolio (Low Risk)
- Open -end Fund & Transactional Investment Accounts (unlimited withdrawals)



### Waheed-i Investment Account

- URIA – based on Wakalah
- USP – Competitive returns (higher than term deposits)
- Prescribe underlying assets – house financing portfolio (Low Risk) (Fixed & Float Rate)
- Open-end Fund – Term Investment Account

## PRODUCT STRUCTURES & DISTINCT FEATURES



### Wafiyah Investment Account (Corporate)

- URIA – based on Wakalah
- USP – Higher returns than Waheed-i
- Prescribe underlying assets – House financing + Personal Financing (Moderate Risk)
- Open-end Fund – Term Investment Account



### Special Investment Account

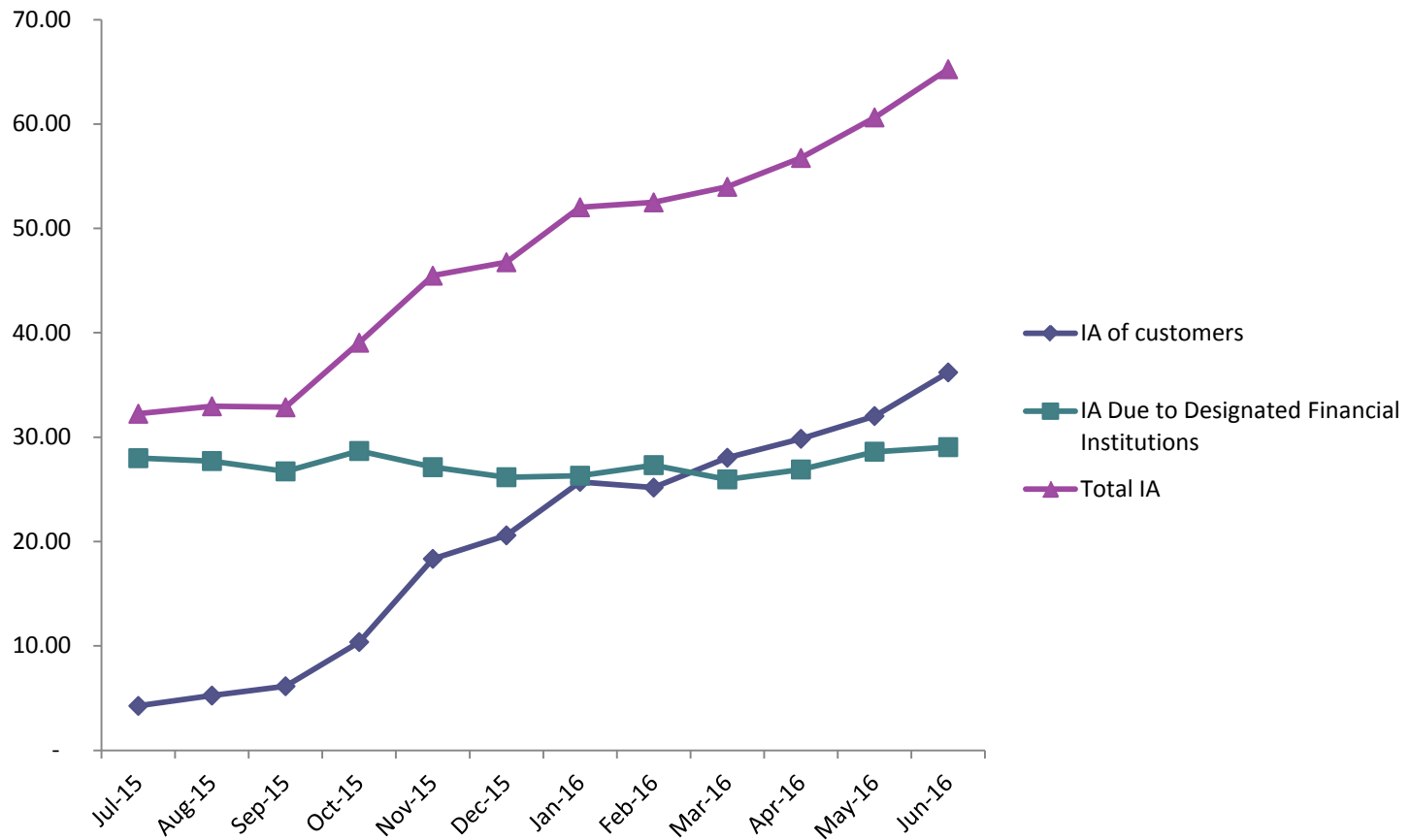
- URIA – based on Mudharabah (PSR based expected rate of return)
- USP – Competitive returns
- Prescribe underlying assets – House financing
- Open-end Fund – Term Investment Account
- On balance Sheet



### BIMB Invest Wafiyah

- Money Market Fund
- URIA - Wakalah
- USP – taking the advantage of tax incentive
- Prescribe underlying assets – House financing + Personal Financing (Moderate Risk)

## GROWTH OF INVESTMENT ACCOUNT



## RESTRICTED INVESTMENT ACCOUNT – OFF BALANCE SHEET

The specific assets are the only source of payment to the IAH

The underlying assets and liability are not recorded as part of the Bank's liabilities

Investment amount is subject to the credit risk of underlying assets

Investments are not guaranteed by the Bank, PIDM or third party

Underlying Assets & Residual Cash Flow are ring-fenced from the Bank

Upon termination, any residual assets and cash balances are returned to IAH

IAH have absolute discretion to review the investment portfolio or discontinue the availability of the funds

IAH indemnify the Bank from any legal suits or claims in relation to the Bank

Adherence to MFRS 10

## BENEFITS TO THE BANK – ISSUER'S PERSPECTIVE



Capital Management  
(Exemption – Capital Charge)

Competitive Offerings  
(Indirect Benefits)

Cost Savings  
(Tawarruq Transactional Cost + PIDM Premium)

Liquidity Management  
(Exclude assets & funding under IA)

Minimize Opportunity Cost  
(Exemption from SRR)



## BENEFITS TO INVESTMENT ACCOUNT HOLDER



Optimize Returns  
(Commensurate  
with underlying  
risk profile)

Transparency  
(Reporting  
frequency &  
Asset quality)

Flexibility  
(Tenure,  
Expected Rate of  
Returns & Shariah  
Contracts)

Aimed to protect  
capital  
(Tagged to  
specific  
assets)

New Asset  
Class  
(i.e. Takaful  
Players)



## ISSUES & CHALLENGES



**Origination**

- Product Design
- Target Market
- Asset Allocation
- Risk Profile
- Rate of Return
- Accounting Treatment
- IA Policy

**Execution**

- Product Disclosure
- Marketing Channel/ Communication
- Suitability Assessment
- Service Level Agreement(RIA)

**Maintenance**

- Oversight Function
- Fund Performance Report
- <http://www.bankislam.com.my/home/assets/uploads/Al-Awfar-FPR-231215-Final.pdf>
- Or
- <http://www.bankislam.com.my/home/assets/uploads/Term-Investment-FPR-231215-Final.pdf>
- Financial Statements & Disclosure

## ISSUES & CHALLENGES..cont



### Deployment

Financial Procedures Act  
1957

MFRS 9

New Board Resolution –  
Flexibility to switch

On-lien / Collateral

Regulatory Aspiration

### Strategic

Cannibalization

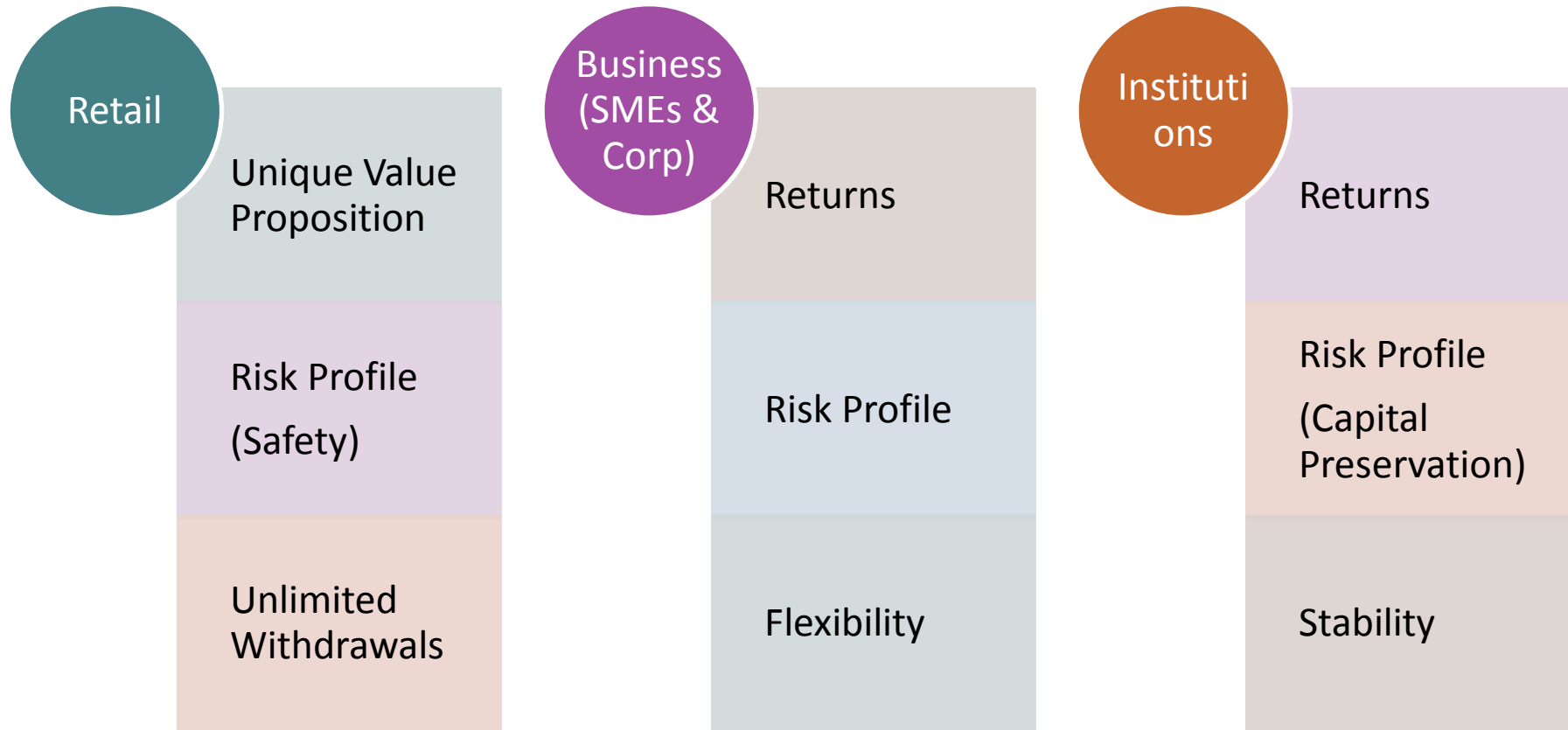
Defensive Strategy

Displaced Commercial Risk  
(Movement of Base Rate)

Impact to NIM

Composition of IA & Impact  
to regulatory ratios

## VALUE PROPOSITION & PITCH STRATEGY



# INVESTMENT ACCOUNT PLATFORM - A NEW MARKETPLACE

...an investment  
Intermediary instead of  
Trading Exchange

... sound like a  
regulated crowd funding

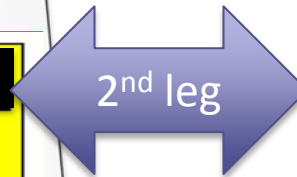
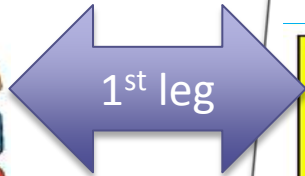
... just imagine a  
"Covered Sukuk"

Provide funding through  
opening of RIA with  
participating banks using IAP

Funds from RIA is to  
finance venture



**POTENTIAL  
INVESTORS /  
IA HOLDERS**



**VENTURES**



Launch of Investment Account Platform (IAP)  
Wednesday, 17 February 2016 / 8 Jamadilawal 1437H | Sasana Kijang, Bank Negara Malaysia, Kuala Lumpur

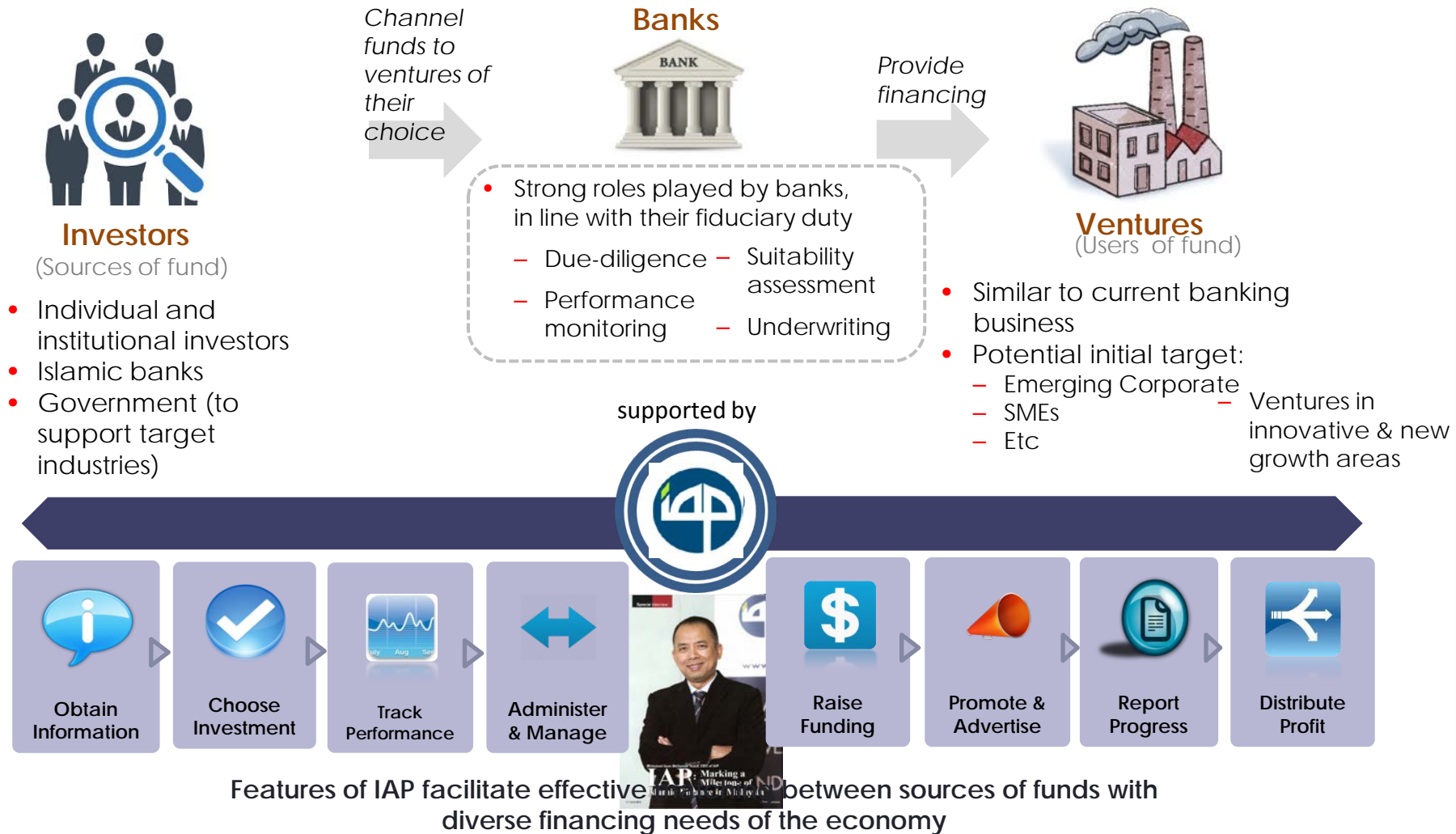
...also similar concept  
to retail sukuk

... similar to initial public offering  
- over or under subscription

... gateway for financial  
inclusion



# BROAD MECHANIC OF IAP



QUESTION & ANSWER – hizamuddin@bankislam.com.my

## Islamic Bank of the Year - Asia

by the European Global Banking & Finance Awards 2015



## Strongest Local Bank

by Focus Malaysia (using Bloomberg methodology)



## Best Commercial Bank - Malaysia

by CPI Financial, Dubai



## Best Islamic Bank in Malaysia

by The International Banker Asia & Australasia Banking Awards 2015



## Strongest Retail Bank in Malaysia

by Cambridge IF Analytica, United Kingdom



## Innovation in Retail Banking Malaysia Banker

by The International Banker Asia & Australasia Banking Awards 2015

## Best Islamic Bank Malaysia & Award for Excellence in Shariah Compliant Banking

by Wealth & Finance Intl's 2015 Finance Awards



## Highly Commended Award for Best Debit Card - UniDebit

By Cards & Electronic Payments International (CEPI) Asia Summit & Awards 2015



# Thank You والسلام



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