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**PART A: PRELIMINARY****FOREWORD**

- 1.1 *Skim Perbankan Islam (SPI)*<sup>1</sup> is an Islamic banking initiative introduced by Bank Negara Malaysia in March 1993 with the objective of disseminating and promoting Islamic banking on a wider scope by allowing licensed institutions under the Banking and Financial institutions Act 1989 (BAFIA) to offer Islamic banking services using their existing infrastructures and brand name.
- 1.2 The purpose of the Guidelines is to facilitate the participation of licensed institutions in the SPI, through a set of standard and comprehensive guidelines to assist the licensed institutions in carrying out their SPI operations in a systematic way; and to ensure that the SPI operations undertaken by the licensed institutions would be fully Shariah compliant. Bank Negara Malaysia may, from time to time, amend the Guidelines.
- 1.3 The scope of the Islamic banking business of the SPI commercial banks is restricted to their commercial banking licence under the BAFIA. For the SPI investment banks, the scope of the Islamic banking business shall encompass the scope of business of the merchant banking licence under the BAFIA. Please refer to **Appendix I** for the details of the business activities of the SPI licensed institutions.
- 1.4 Investment banks that undertake only fee-based activities, for example, lead arranger for sukuk are exempted from the Guidelines.
- 1.5 To participate in the SPI, a licensed institution is required to submit an application to Bank Negara Malaysia and it shall be forwarded to:

**Pengarah  
Jabatan Perbankan Islam dan Takaful  
Bank Negara Malaysia  
Jalan Dato' Onn  
50480 Kuala Lumpur**

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1 The term "*Skim Perbankan Tanpa Faedah (SPTF)*" was changed to "*Skim Perbankan Islam (SPI)*" as per the circular issued by Bank Negara Malaysia on "*Langkah-langkah Pengukuhan Perbankan Islam*" dated 12 November 1998.

## APPLICABILITY

- 2.1 The Guidelines are applicable to all licensed institutions under the BAFIA that participate in the SPI.

## LEGAL PROVISION

- 3.1 The Guidelines are issued pursuant to Section 124 and Section 126 of the BAFIA.
- 3.2 With the coming into force of the Guidelines, the relevant guidelines and circulars as listed in **Appendix II** will be superseded.

## INTERPRETATION

- 4.1 The following terms, as used in these guidelines shall have the following meanings, unless the context otherwise requires:

“branch” means the branches of commercial banks or investment banks that participate in the SPI;

“IBD” means the Islamic banking division set up at the head office, main office or central office of the banks to administer, manage and conduct all matters pertaining to the SPI;

“IBF” means the Islamic banking fund set up by the banks to fund the operations of SPI;

“SPI” means the Islamic banking scheme provided by licensed institutions to conduct banking business based on Islamic principles;

“SPI licensed institutions” mean the commercial banks and the investment banks that participate in the SPI.

## ISLAMIC BANKING CONCEPTS

### 5.1 ***Bai' Bithaman Ajil* (deferred payment sale)**

Refers to the sale of goods on a deferred payment basis at a price which includes a profit margin agreed to by both parties.

### 5.2 ***Bai' Dayn* (debt-trading)**

Refers to sales or purchase of debt evidenced by trade document and papers which generated from Shariah compliant business activities.

### 5.3 ***Bai' Inah* (sell and buy back)**

Refers to contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buys back the asset at a marked up deferred price.

### 5.4 ***Bai' Istijrar* (supply contract)**

Refers to an agreement between the client and the supplier, whereby the supplier agrees to supply a particular product on an ongoing basis, for example monthly, at an agreed price and on the basis of an agreed mode of payment.

### 5.5 ***Bai' salam* (future delivery)**

Refers to the purchase of a commodity for deferred delivery in exchange for immediate payment. It is a type of sale in which the price, known as the Salam capital, is paid at the time of contracting while the delivery of the item to be sold is deferred.

### 5.6 ***Hibah* (gift)**

Refers to gifts awarded voluntarily.

### 5.7 ***Hiwalah* (transfer of debt)**

Refers to transfer of debt from transferor to the payer.

**5.8 *Ijarah* (leasing)**

Refers to an arrangement under which the lessor leases equipment, building or other facility to a client at an agreed rental against a fixed charge, as agreed by both parties.

**5.9 *Ijarah Muntahia Bittamleek***

Refers to a leasing contract which includes a promise by the lessor to transfer the ownership in the leased property to the lessee, either at the end of the term of the *ijarah* period or by stages during the term of the contract.

**5.10 *Ijarah Thumma al-Bai'* (leasing and subsequent purchase)**

Refers to a leasing which subsequently followed by a sale contract whereby the hirer leases the goods from the owner at an agreed rental over a specified period. Upon expiry of the leasing period, the hirer enters into a second contract to purchase the goods from the owner at an agreed price. This concept is applicable for financing of consumer goods and durables.

**5.11 *Kafalah* (guarantee)**

Refers to a contract of guarantee in which one party guarantees the fulfilment of a claim or performance of an obligation which is due to another party in a case of default.

**5.12 *Mudharabah* (profit –sharing)**

Refers to an agreement made between a party, who provides the capital and another party (entrepreneur), to enable the entrepreneur to carry out business projects, which will be on a profit-sharing basis, according to pre-determined ratios agreed upon earlier. In the SPI, the agreement could be between a depositor and the SPI (as the entrepreneur) or between the SPI (as the provider of capital) and an entrepreneur. In the case of losses, the losses are borne by the provider of the funds.

**5.13 *Murabahah* (cost-plus)**

Refers to the sale of goods at a price which includes a profit margin as agreed to by both parties. Such a sales contract is valid on condition that the price, other costs and the profit margin of the seller are stated at the time of the agreement of sale.

**5.14 *Musyarakah* (joint venture)**

Refers to a partnership or joint venture for a specific business with a profit motive, whereby the distribution of profits will be apportioned according to an agreed ratio. In the event of losses, both parties will share the losses on the basis of their equity participation.

**5.15 *Musyarakah Mutanaqisah* (diminishing partnership)**

Refers to a form of partnership in which one of the partners promise to buy the equity share of the other partner gradually until the title to the asset is completely transferred to him.

**5.16 *Qard* (loan)**

Refers to an interest-free loan. The borrower is only required to repay the principal amount borrowed, but he may pay an extra amount at his absolute discretion, as a token of appreciation.

**5.17 *Rahnu* (collateralized borrowing)**

Refers to an arrangement whereby a valuable asset is placed as collateral for a debt. The collateral may be disposed in the event of default.

**5.18 *Sarf* (foreign exchange)**

Refers to the buying and selling of foreign currencies.

**5.19 *Tawarruq* (tripartite sale)**

Refers to an arrangement that involves a purchase of an asset based on *musawamah* or *murabahah* and a subsequent sale of the same asset to a third party in order to gain cash money.

**5.20 *Ujr* (fee)**

Refers to commissions or fees charged for services.

**5.21 *Wadiah* (safe keeping)**

Refers to safe keeping contract whereby the depository guarantees payment of the whole amount of deposits, or any part thereof, outstanding in the account of the depositors, when demanded. The depositors are not entitled to any share of the profits (generated from usage of the deposit by depository) but the depository may provide returns to the depositors as a token of appreciation.

**5.22 *Wakalah* (nominating another person to act)**

A situation, where a person nominates another person to act on his behalf.

**5.23 *Wakalah Bil Istithmar***

Refers to an “investment agency” contract where the investor (the principal) appoints the bank (the agent) to undertake investment activities on behalf of the principal for a fee. The bank acts in two capacities – as agent in accepting deposits from the participant who plans to invest, and as investment manager in carrying out Shariah-compliant investment activities as agreed by the parties. The bank as an agent cannot guarantee the profit expected from the investment

## PART B: POLICY REQUIREMENTS

### PRE-REQUIREMENTS

#### 6.1 Minimum Requirements

The licensed institution is required to comply with the minimum requirements as stipulated by Bank Negara Malaysia before they are allowed to participate in the SPI. The requirements are as follows:

- (i) the licensed institution is financially sound;
- (ii) there are no major adverse inspection findings against the licensed institution;
- (iii) it complies with all statutory requirements and provisions of law, as well as guidelines issued by Bank Negara Malaysia from time to time;
- (iv) it complies with the minimum risk-weighted capital ratio (RWCR) of 8%;
- (v) it complies with the minimum capital requirements:
  - (a) locally incorporated foreign banks: RM300 million
  - (b) domestic commercial banks: RM2 billion as a group<sup>2</sup>
  - (c) investment banks: RM500 million individually or RM2 billion as a group
- (vi) it complies with the lending guidelines.

#### 6.2 Application

The licensed institution is required to submit an application to participate in the SPI to Bank Negara Malaysia, outlining the following:

- (i) Purpose of the participation;
- (ii) Products to be offered under the SPI and its structure;
- (iii) Investment avenues;

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<sup>2</sup> The aggregated amount held by the commercial bank and investment bank in the group. Gazetted on 7 February 2001 and came into force on 31 December 2001



- (iv) Method of segregating the funds of SPI from the funds of conventional banking;
- (v) Identification of branches where the SPI is to be conducted;
- (vi) Infrastructure and logistic requirements, including manpower and training programmes; and
- (vii) Financial disclosure.

## POST-REQUIREMENTS

### 7.1 Islamic Banking Division<sup>3</sup>

- (i) Once the application to participate in the SPI has been approved by Bank Negara Malaysia, the licensed institution is required to set up an Islamic Banking Division (IBD) at the head office.
- (ii) The IBD shall be responsible to prepare a business plan for the SPI operations in terms of operationalising the SPI, as well as to develop policies and procedures pertaining to the SPI operations. This includes system and product development, marketing, processing, approving limits, branch supervision, business development and credit control.
- (iii) The SPI licensed institutions must ensure that the IBD is provided with the necessary support by the other divisions/ departments to ensure smooth implementation of Islamic banking operations, particularly in areas where similar infrastructure is shared. The SPI licensed institutions must also ensure that the IBD is provided with the level of resources that commensurate with the expected cost and profitability of the IBD.

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<sup>3</sup> Effective 2 January 1999, the SPI licensed institutions were required to upgrade the Islamic Banking Unit (IBU) to Islamic Banking Division (IBD) as per the circular issued by Bank Negara Malaysia on "*Langkah-langkah Pengukuhan Perbankan Islam*" dated 12 November 1998.

- (iv) The IBD must ensure that the submission of statistical report to Bank Negara Malaysia is complete, accurate and timely. They are also required to ensure that the accounting standards, legal and regulatory requirements, directives and guidelines issued by Bank Negara Malaysia and other authorities, and other rules and regulations issued by the relevant banking associations are fully observed at all time.
- (v) The IBD is required to establish suitable criteria to ensure the staffs manning the Islamic banking operations are proficient, qualified, and knowledgeable as well as committed in the discharge of their duties and responsibilities. Continuing training and education programme should be provided to enable staff of the SPI licensed institution to enrich their knowledge, understand and appreciate the virtues of Islamic banking as well as to keep them abreast with the latest development relating to Islamic banking.
- (vi) The IBD shall be headed by a Muslim senior management officer of the SPI licensed institution, at least the level of the Assistant General Manager (AGM). The position of the AGM should be equivalent to the status of other key functional heads to enable him to deal effectively with his peers and superiors when discharging his duties and responsibilities. The AGM should possess relevant background on Islamic banking and sufficient banking experience to enable him to perform his duties and responsibilities with regard to Islamic banking effectively.
- (vii) The IBD must adhere to other roles and responsibilities as determined by the licensed institutions or Bank Negara Malaysia from time to time.

## 7.2 Islamic Banking Fund

- (i) The SPI licensed institutions are required to maintain an Islamic Banking Fund (IBF), with the minimum of:
  - (a) RM20 million for commercial banks; and
  - (b) RM6 million for investment banks.

The minimum amount is subject to change by Bank Negara Malaysia from time to time.

- (ii) The IBF should be funded by way of an allocation by head office of the licensed institution and to be placed under the IBD to fund the operations of the SPI. The IBF should be utilised for overhead expenses and matters relating to the operations of SPI, while income earned from the SPI operations shall be credited into the IBF.
- (iii) The IBF must be clearly segregated from the capital designated for conventional banking operations and cannot be reallocated to the conventional banking operations.

## 7.3 Capital Adequacy<sup>4</sup>

- (i) The SPI licensed institutions are required to observe a minimum capital adequacy requirement on their Islamic banking portfolios in addition to the existing compliance on a consolidated basis, through separate compliance requirement for the Islamic banking portfolio that involve a reallocation of current capital funds into the IBF.
- (ii) The SPI licensed institutions are required to observe a minimum core capital ratio (CCR) of 4% and a minimum RWCR of 8% for their Islamic banking portfolios subject to a minimum IBF or whichever is higher. In addition, SPI licensed institutions are required to have a separate disclosure on the CCR

and RWCR of their Islamic banking portfolios in their financial statements in addition to the consolidated CCR and RWCR. Please refer to **Appendix III** for the illustration of the reallocation of capital.

- (iii) The SPI licensed institutions are required to observe the reporting requirements on CAR for their Islamic banking portfolios under the Bank Negara Malaysia's Guidelines on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Basic Indicator, Standardised and Alternative Standardised Approaches for Operational Risk issued on 19 April 2007.

#### 7.4 Statutory and Liquidity Requirements<sup>5</sup>

- (i) The SPI licensed institutions are required to observe separate compliance for the statutory reserve requirement and the new liquidity framework for the Islamic banking portfolio.
- (ii) Bank Negara Malaysia requires the submission of the SPI licensed institution's maturity mismatch profile as at end of each month. The submission must reach Bank Negara Malaysia not later than 10 days after the reporting date. Pending the incorporation of the reporting requirement on the new liquidity framework into the Financial Institutions Statistical System (FISS), SPI licensed institutions are required to submit the compliance report on the new liquidity framework for the Islamic banking portfolio not later than ten days after the end of each month to *Pengarah, Jabatan Perbankan Islam dan Takaful*.

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4 Effective 2 January 2002, SPI licensed institutions are required to comply with new capital adequacy requirements as per the circular issued by Bank Negara Malaysia on "*Pematuhan Nisbah Berwajaran Risiko bagi Portfolio Perbankan Islam*" dated 19 November 2001.

5 The SPI licensed banks are required to comply with the new statutory and liquidity requirements with effect from 3 January 2006 as per circular issued by Bank Negara Malaysia on Measures to Further Strengthen Islamic Banking Operations dated 11 November 2005.

## 7.5 Compliance with Single Customer Credit Limit<sup>6</sup>

The SPI licensed institutions are required to observe the single customer credit limit for new financing facilities based on the IBF of the Islamic banking portfolio.

## 7.6 Framework of Rate of Return

The SPI licensed institutions are required to observe the guidelines on “Framework of Rate of Return” issued by Bank Negara Malaysia on 10 August 2004.

## 7.7 Placement of Conventional Deposits

- (i) In the event of shortage of funds, the SPI licensed institution may place its conventional deposits in the IBF in the form of Special Investment Deposits. Such deposits shall be placed under the contract of *Mudharabah* with the condition that the SPI licensed institution has exhausted all avenues to obtain additional funds from the Islamic inter-bank money market. Notification to Bank Negara Malaysia must be carried out prior to any transfer; and placement of the fund must be reported in the monthly report to Bank Negara Malaysia.
- (ii) The placement shall be carried out in the following manner:
  - (a) The purpose of the transfer is to meet the SPI’s financing needs;
  - (b) The amount transferred should not be less than RM1 million; and
  - (c) The investment period should not be less than six months.

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<sup>6</sup> The SPI licensed institutions are required to comply with Single Customer Credit Limit with effect from 3 January 2006 as per circular issued by Bank Negara Malaysia on Measures to Further Strengthen Islamic Banking Operations dated 11 November 2005.

## 7.8 Physical Set-up

The SPI licensed institutions are required to display the word “**SKIM PERBANKAN ISLAM**” and the Islamic banking logo<sup>7</sup> at its premises that offer Islamic banking products and services. The logo should also be displayed on all documents related to Islamic banking products and services, such as saving books, brochures, pamphlets, application forms for opening of account and financing and other related documents, where necessary. Please refer to **Appendix IV** for the details of the logo.

## 7.9 Product Application and Approval

The SPI licensed institutions are required to observe the “Guidelines on New Product Approval Requirements for Islamic Banking Institutions” issued by Bank Negara Malaysia on 23 December 2003.

## 7.10 Documentation

All documents (including ledgers, registers, pay-in-slips, cheques, receipts and passbooks) used for SPI operation must be appropriately marked, so as to easily distinguish them from the other documents of the banks. The abbreviation on Shariah concept shall be prominently marked on all application forms and other related stationery / documents in distinctive colour, if possible.

## 7.11 Takaful Coverage<sup>8</sup>

- (i) The banking facilities offered under the SPI should be adequately insured, where necessary, against possible risks. SPI licensed institutions are required to offer Takaful plan as a **first choice** to customers who apply to obtain Islamic financing which require coverage. If the customers reject the Takaful plan or Takaful plan is not available in the market, the Islamic licensed institutions can offer insurance coverage to the customers.

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7 The Islamic financial institutions were required to use the Islamic banking logo as per the circular issued by Bank Negara Malaysia on “*Logo Perbankan Islam*” dated 20 September 2001.

8 As per the circular issued by Bank Negara Malaysia on “*Perlindungan Takaful bagi Pembiayaan Secara Islam*” dated 21 October 2004.

- (ii) Only Takaful plan shall be used, if the coverage forms part of the Islamic financing package. SPI licensed institution is not allowed to include the premium of conventional insurance as part of the Islamic financing package. However, customers are allowed to take conventional insurance coverage for their Islamic financing provided that the insurance was obtained from other sources and does not form part of the Islamic financing package. Thus, the SPI licensed institutions must ensure that the Islamic financing package can be offered separately for this purpose.

#### **7.12 Shariah Committee**

The SPI licensed institutions are required to observe the GPS-i, "Guidelines on the Governance of Shariah Committee for Islamic Financial Institution" issued by Bank Negara Malaysia on 15 December 2004.

#### **7.13 System and Control**

The SPI licensed institutions must ensure the system and control as well as internal auditing of the SPI operations are in place to ensure the smoothness of SPI operations.

## SOURCES OF FUNDS OF SPI LICENSED INSTITUTIONS

- 8.1 The SPI commercial banks are allowed to offer the following deposit products:
- (i) Current account deposits;
  - (ii) Savings account deposits;
  - (iii) Investment account deposits that comprises:
    - (a) General investment deposits; and
    - (b) Specific investment deposits.
- 8.2 The SPI investment banks are allowed to accept only investment account deposits and short-term deposits (for example call money deposits, overnight funds and Islamic repo) from customers. Deposits accepted by the SPI investment banks are subject to a minimum deposit threshold of RM500,000<sup>9</sup>
- 8.3 Funds received through the above accounts must be utilised in modes of financing/ investments permissible by Shariah.

## INVESTMENT ACTIVITIES OF SPI LICENSED INSTITUTIONS

- 9.1 The Islamic financial instruments that can be invested by SPI licensed institutions include the Government, Bank Negara Malaysia and corporate sukuk, money market instruments and other capital market instruments.
- 9.2 Investment in Shares<sup>10</sup> by SPI licensed institution would be subject to the provisions of the Guidelines on Investment in Shares and Interest-in-Shares issued by Bank Negara Malaysia.

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9 Circular on Acceptance of Deposits by Investment Banks issued on 8 May 2007.

10 As per the circular issued by Bank Negara Malaysia on "Guidelines on Investment in Shares and Interest-in-Shares" dated 12 February 2007.



## ACCOUNTING, FINANCIAL DISCLOSURES AND REPORTING

- 10.1 SPI licensed institutions are required to disclose separate balance sheet and income statement, cash flow statement and statement of changes in equity in the notes to the financial statements of the principal financial statements.
- 10.2 SPI licensed institutions are required to devise a separate system of accounting entries and maintenance of records for all transactions and to prepare a separate daily trial balance of the operations of the SPI. The SPI licensed institutions must be able to know the daily balances of their assets and liabilities which relate to SPI operations. The licensed institution must introduce specific account codes for all ledgers for Islamic banking business to ensure proper accountability of the funds and accounts.
- 10.3 For the purpose of transparency and disclosure of SPI operations, the SPI licensed institutions are required to observe the Guidelines on Financial Reporting for Licensed Financial Institutions (GP8).

## SYSTEM AND CLEARING NETWORK OF SPI LICENSED INSTITUTIONS

- 11.1 Real - Time Electronic Transfer of Funds and Securities System (RENTAS)**
- (i) To participate in the RENTAS system for its SPI operations, the SPI licensed institutions are required to submit an application to Bank Negara Malaysia, (for attention: *Pengarah, Jabatan Dasar Sistem Pembayaran*) This is to facilitate smooth and organized trading of scripless securities and funds transfer on Islamic banking principles, where the SPI licensed institutions are required to segregate the IFTS and SSTS accounts from the conventional IFTS and SSTS accounts.
- (ii) In order to separate the SPI accounts from the conventional accounts, the

SPI licensed institution is required to open an Islamic SPI current account at Bank Negara Malaysia. Application should be submitted to *Pengarah, Jabatan Pengurusan dan Operasi Matawang*, indicating the purpose of the account, list of authorized signatories and Board Resolution /Power of Attorney. Further details relating to the procedures on the application to participate in RENTAS system may be referred to the Unit RENTAS, *Jabatan Dasar Sistem Pembayaran* Bank Negara Malaysia.

- (iii) The IBD shall be exempted from the yearly membership subscription fee of RM5,000 if the SPI licensed institution is already a member of RENTAS.

#### **11.2 Cheque Clearing System (applicable to commercial banks only)**

- (i) The SPI commercial banks are also required to open separate clearing accounts at Bank Negara Malaysia branches for its Islamic banking transactions. Once the clearing accounts are opened, the bank shall inform Bank Negara Malaysia in writing, and the letter duly signed by the authorized signatories of the account holder on the commencement date, and after which Bank Negara Malaysia will assign separate state codes for cheques issued under SPI.
- (iv) To facilitate efficient sorting of cheques between SPI cheques and conventional cheques at manual cheque clearing centres, the colours of the SPI cheques must be green-shaded.

#### **11.3 Settlement of Net Clearing and Unpaid Items**

- (i) The SPI commercial banks should note the following arrangements:
  - a) The consolidated balance of each licensed institution's clearing position (Conventional and SPI) will be available through RENTAS system at midnight,
  - b) Funds due from the surplus of Net Clearing position (including compensation) may only be used after settlement of Net Clearing

figures.

- (ii) Bank Negara Malaysia will monitor the current accounts of each SPI commercial bank to ensure that the SPI commercial bank adhere to the stipulated deadlines for funding of accounts to facilitate timely settlement of the clearing differences, UPI allotments redemptions, profit payments etc. Penalties may be imposed on the SPI commercial bank which fails to comply with the requirements.
- (iii) The SPI commercial banks are required to give Day 1 value for cheques and other items deposited by their customers before they are sent for clearing at SPICK. Withdrawal of cash against these items, however, will be permitted only after the fate is known.
  - (a) For the purpose of pledge, the amount of GIIs to be deposited with Bank Negara Malaysia by each SPI commercial bank will be determined by Bank Negara Malaysia on a case by case basis;
  - (b) The financing by Bank Negara Malaysia to the SPI commercial banks will be automatically repaid on the following business day that is. on day 2 through a debit against the SPI commercial banks' clearing account with Bank Negara Malaysia; and
  - (c) If the SPI commercial banks borrow from Bank Negara Malaysia more than 3 times in a calendar month, a penalty of RM1,000 will be charged by Bank Negara Malaysia on the bank.

**APPENDIX I: Scope of Business Activities of the SPI Licensed Institutions**

SPI Commercial Banks	SPI Investment Banks
<b><i>Approved business:</i></b>	
<ul style="list-style-type: none"> <li>Receiving deposits on savings accounts, current accounts, investment accounts or other similar accounts.</li> </ul>	<ul style="list-style-type: none"> <li>Receiving deposits on investment accounts and short-term deposit accounts (for example call money deposits, overnight funds and Islamic repo) – subject to a minimum deposit threshold of RM500,000<sup>11</sup></li> </ul>
<ul style="list-style-type: none"> <li>Paying collecting cheques drawn by or paid in by customers.</li> </ul>	
<ul style="list-style-type: none"> <li>Domestic commercial bank – Business of hire purchase and leasing activities.</li> <li>Locally incorporated foreign bank – Industrial hire purchase for industrial equipment and heavy machinery of not less than RM200,000.</li> </ul>	
<ul style="list-style-type: none"> <li>Business of consultancy and advisory services relating to corporate and investment matters.</li> </ul>	<ul style="list-style-type: none"> <li>Business of consultancy and advisory services relating to corporate and investment matters.</li> </ul>
<ul style="list-style-type: none"> <li>Business of making or managing investment on behalf of any persons.</li> </ul>	<ul style="list-style-type: none"> <li>Business of making or managing investment on behalf of any persons.</li> </ul>
<ul style="list-style-type: none"> <li>Provision of finance<sup>12</sup></li> </ul>	<ul style="list-style-type: none"> <li>Provision of finance – bridging financing.</li> </ul>
<ul style="list-style-type: none"> <li>Provision of financial guarantee to any persons.</li> </ul>	<ul style="list-style-type: none"> <li>Provision of financial guarantee to any persons.</li> </ul>
<ul style="list-style-type: none"> <li>Dealing in foreign currencies and gold.</li> </ul>	<ul style="list-style-type: none"> <li>Dealing in foreign currencies.</li> </ul>
<ul style="list-style-type: none"> <li>Money remittance services.</li> </ul>	
<ul style="list-style-type: none"> <li>Agents for unit trust or property trust, credit cards-i and takaful.</li> </ul>	
<ul style="list-style-type: none"> <li>Factoring business</li> </ul>	
<ul style="list-style-type: none"> <li>Provision of safe deposit box facilities.</li> </ul>	
<ul style="list-style-type: none"> <li>Intermediation role for example payment intermediation.</li> </ul>	

11 Circulars on Acceptance of Deposits by Investment Banks issued on 8 May 2007.

12 Includes financing, leasing business, factoring business, purchase of bills of exchange, promissory notes, certificates of deposits, debentures or other negotiable instruments, the acceptance or guarantee of any liability or duty of any person in accordance with Shariah principles.

<b>SPI Commercial Banks</b>	<b>SPI Investment Banks</b>
<ul style="list-style-type: none"> <li>Such other business as the Bank Negara Malaysia with the approval of the Minister prescribe</li> </ul>	<ul style="list-style-type: none"> <li>Such other business as the Bank Negara Malaysia with the approval of the Minister prescribe</li> </ul>
<b><i>Prohibited Activities:</i></b>	
<ul style="list-style-type: none"> <li>Any business that does not comply with Shariah.</li> </ul>	<ul style="list-style-type: none"> <li>Any business that does not comply with Shariah.</li> </ul>
<ul style="list-style-type: none"> <li>Underwriting of equities.</li> </ul>	<ul style="list-style-type: none"> <li>All other activities not prescribed as Merchant Bank Business.</li> </ul>

<b>BNM/RH/GL 001-27</b>	<b>Islamic Banking and Takaful Department</b>	<b>Guidelines on <i>Skim Perbankan Islam</i></b>	<b>Page 21/23</b>
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**APPENDIX II: List of Superseded Guidelines/ Circulars**

	<u>Issuance Date</u>
1. Guidelines on “Skim Perbankan Tanpa Faedah” for Commercial Banks	1 July 1993
2. Guidelines on “Skim Perbankan Tanpa Faedah” for Merchant Banks	1 July 1993
3. Implementation of “Skim Perbankan Tanpa Faedah”	13 September 1993
4. Langkah-langkah Pengukuhan Perbankan Islam	12 November 1998
5. Skim Perbankan Islam untuk Syarikat-syarikat Diskaun	31 December 1998
6. Pematuhan Nisbah Berwajaran Rsiko bagi Portfolio Perbankan Islam	19 November 2001
7. Measures to Further Strengthen Islamic Banking Operations	11 November 2005

### Appendix III: Reallocation of Capital

SPI licensed institution	Core Capital*		Capital Base*		RWCR*	
	Consol.	Islamic Banking	Consol.	Islamic Banking	Consol.	Islamic Banking
Bank A	4,486,457	88,397	4,654,908	103,897	37,116,017	2,154,049
Bank B	1,705,427	31,945	2,287,416	56,445	17,354,366	1,809,459
Bank C	290,026	6,211	318,064	8,219	2,012,535	144,062
	CCR (%)		RWCR (%)		Required reallocation to IBF to comply with min. CCR of 4%*	Required reallocation to IBF to comply with min. RWCR of 8%*
	Consol.	Islamic Banking	Consol.	Islamic Banking		
Bank A	12.08	4.10	12.54	4.82	-	68,427
Bank B	9.82	1.77	13.18	3.12	40,433	88,312
Bank C	14.41	4.31	15.80	5.71	-	3,306

Notes:

\* Figures are in RM'000

\*\* Consol. refers to consolidated figures



**APPENDIX IV: Islamic Banking Logo****Specification:****(i) Colour**

- (a) Blue colour as the background as well as the shape of the outer logo. The wordings under the logo are also in blue.
- (b) The white colour is to shape the inner logo and the Arabic word “Pa” and “Alif” which can also be read as the alphabet “P” and “I”

**(ii) Logo size and wordings**

- (a) **Logo** – for the logo that is displayed within the head office and branches, the minimum size used shall be **7” x 6.5”**. For the logo printed on the documents, such as cheque books and saving account books, the size can be modified to follow the size of the documents; and
- (b) **Wordings** – The words “**PERBANKAN ISLAM**” shall be in capital letters with font “**Calligrapher**” and size of 60 point. For the States that require the licensed institutions to use the Arabic words on all their display board, the font shall be in “**Kufi**” version.

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