

By Islamic Banking

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Indonesia to join International Islamic finance group

BI has also secured approval from the House of Representatives to join the newly established International Islamic Liquidity Management .

This is to attempt to grow the country's Islamic banking sector.

Bank Indonesia contributed US\$5 million in equity to the newly established group with headquarters in Malaysia to buy five shares each worth US\$1 million in the institution.

“Indonesia's involvement in the institution is expected to tackle liquidity difficulties of sharia banks in terms of foreign exchange needs,” said Bank Indonesia director for sharia banking, Mulya Siregar.

“So if some sharia banks need liquidity they could issue sukuk through the institution that would get better ratings. On the other hand, if the banks have excess liquidity, they could invest their money in sukuk issuances through the IILM.”