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## Liquidity management body to facilitate investment flows

Governors and representatives from 12 central banks and two multilateral organisations signed on Monday the articles of agreement for the establishment of the International Islamic Liquidity Management Corporation (IILM). The signing ceremony was the highlight at the opening ceremony of the Global Islamic Finance Forum.

As a global initiative aimed at assisting institutions offering Islamic financial services in addressing their liquidity management in an efficient and effective manner, the IILM would facilitate greater investment flows for the Islamic financial services industry.

The IILM will also issue high quality Sharia compliant financial instruments at both the national level and across borders, in an integrated manner, thereby enhancing the soundness and stability of the jurisdictions in which they operate.

The signatories of the IILM articles of agreement were governors and their representatives from the central banks or monetary authorities of Iran, Indonesia, Kuwait, Luxembourg, Malaysia, Mauritius, Nigeria, Qatar, Saudi Arabia, Sudan, Turkey and the United Arab Emirates. The Islamic Corporation for the Development of the Private Sector and the Islamic Development Bank were the multilateral organisations that participated in the initiative.

The IILM initiative was facilitated by the council of the Islamic Financial Services Board (IFSB) in line with its mandates to enhance and coordinate initiatives to develop instruments and procedures for the efficient operations and risk management; and to encourage cooperation amongst member countries in developing the Islamic financial services industry.

“It is our hope that the establishment of this new entity in the Islamic financial services industry will support the ever going efforts by the central banks and the monetary authorities to enhance the efficiency of institutions offering Islamic financial services in managing their liquidity,” said IFSB Secretary General Rifaat Ahmad Abdul Karim, in his remarks at the signing ceremony.

Zeti Akhtar Aziz, governor of the central bank of Malaysia, said in a speech that the success of sukuk market testifies to the ability of Islamic finance in meeting the requirements of differentiated demands of modern economy.

“Sukuk epitomises the very ingenuity in Islamic finance,” she said. “This important segment of Islamic finance has seen a dynamic stream of cutting-edge products and structures.”

Describing sukuk as distinct in its role as a platform upon which international interlinkages, Aziz concluded that the sukuk market has become an important avenue for international fundraising and investment activity.