

BIBD HOME SHOWCASE 4
OPENING REMARKS BY PUAN HAJAH LILY BINTI HAJI KULA
DEPUTY MANAGING DIRECTOR (REGULATORY), AMBD.

25 April 2014, 2.30 pm

Bismillahirrahmanirrahim

Alhamdulillah Rabbil 'Alamin, Wassalatu Wassalamu 'Ala Asy-rafil Mursalin, Sayyidina Muhammadin Wa'ala Alihi Wasahbihi Ajma'in.

Yang Mulia,
Dayang Hjh Noraini binti Haji Sulaiman,
Acting Managing Director of BIBD,
Senior government officials,
Senior officials and staff of BIBD,
Distinguished Guests,
Ladies and Gentlemen.

Assalamualaikum Warah Matullahi Wabarakatuh and a very good afternoon.

First of all, I would like to express my sincere appreciation to BIBD for inviting me to be the guest of honour at this afternoon's event. I understand that this home showcase by BIBD is an annual event to introduce products and business partners related to home constructions and renovations as well as other banking products offered by BIBD.

2. I wish to commend BIBD for their initiatives in holding this showcase regularly to continuously promote public awareness of the choices of financial services and products offered by the bank. Today's showcase focusing on home construction and improvement is especially important

since this would be in line with the government effort of encouraging citizens to own their own homes. I acknowledge and appreciate the strong support of BIBD in meeting the need of the community in providing the suitable financing solutions to suit different customer segments.

3. Let me say that in accepting your invitation, I looked at it as a good opportunity for me to remind the banks and their customers about the regulatory and supervisory expectations of banks with regard to marketing and showcasing new products or loan propositions to the public. I have therefore three critical points to make.

4. First, we are always happy to see banks engaging actively in their role of financial intermediation and catering to the financing needs of their customers. Necessities in our daily lives are constantly materializing as our families grow and we require making structural improvements to our residential property to cater to our expanded families and enhance the quality of living for all of us, to live comfortably. This type of financing therefore adds value to our property assets and we can look at it as an investment as well.

5. Products that offer financing for education too are also an investment, with the promise of career prospects and wealth accumulation in the long run, if used wisely. Therefore these financing products must be encouraged and made affordable, to be accessible to a larger population.

6. My second point is that from the borrower's and the Bank's perspectives, there are some soul-searching questions that the borrowers need to ask themselves and which the bank too must endeavor to find out. It is important that we must all learn to live within our means. Therefore, the question that needs to be asked is, does the borrower really need this financing, is there a justifiable need? and equally important - does the

borrower have an adequate disposable income to be able to service the repayment burden? Two critical questions for the Bank and for the borrower, which alone would determine the success of this financing. This is what is called responsible banking and responsible borrowing.

7. Finally my last point, but not less important, is about sales promotions and targets which are very attractive goals for the incentives they bring to the salesmen, but which should not be at the expense of luring customers into a debt trap they cannot get out of. This is the hallmark of Islamic banking that the customer must be treated fairly at all times. More importantly, as a regulator, I wish to emphasise that the sales targets and promotions linked to these products, must respect regulatory directives and limits that are applicable to all banks across the industry equally. That is our responsibility as regulators - to foster healthy competition among market participants on a level regulatory playing field where the rules of the game are always observed.

With these remarks, may I wish the BIBD a successful roadshow and launch of its home showcase products.

Thank you.

Wabillahi Taufiq Walhidayah Wassalamualaikum Warahmatullahi Wabaraktuh.