

MAS says it is committed to developing Islamic financial services in S'pore

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SINGAPORE: Singapore's central bank said it remains committed to developing Islamic financial services in Singapore.

Commenting about the lapse of two tax incentives for Islamic finance recently, Assistant Managing Director of the Monetary Authority of Singapore (MAS), Ng Nam Sin, said this was "no reflection of MAS' continuing commitment to develop Islamic financial services in Singapore."

"Like all our tax incentives, they have a fixed tenure and in this case, of five years. It is useful to note that Islamic finance activities will continue to be incentivized alongside conventional finance activities under our other existing schemes," said Mr Ng.

But he pointed out that Singapore's proposition for Islamic finance must be broader than just tax advantage.

He said, "Singapore's success as an international financial sector stems from its high standards of regulation, deep and liquid capital market, the presence of international buy side players, and a critical mass of financial intermediaries with expertise to address a wide range of financing needs. It is these strengths that allow Singapore to support the growth of Islamic finance. "

Speaking at an event at Singapore Management University on Wednesday, Mr Ng said Singapore has seen many sukuk (Islamic bonds) issuances since 2001, with more expected in the pipeline. Other capital market instruments such as REITS and innovative investment funds have also seen good growth.

Meanwhile, banks from the region are contributing to the Islamic financial sector in Singapore. A growing cluster of banks from the Middle East region operating in Singapore has also started to offer Islamic financial services.

Given the strong growth potential for Islamic finance in Singapore, Mr Ng said MAS will provide an environment that is conducive for growth, support talent development and continue to refine its regulatory framework.

- CNA/xq