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Thursday August 10, 2006

AmIslamic Bank boosting presence in niche markets

BY B.K. SIDHU

KUALA LUMPUR: AmIslamic Bank wants to differentiate itself from the rest of the pack in an increasingly competitive Islamic finance market locally with more innovative offerings and entering niche markets.

One such area is equity financing, given that the focus of most other players has been debt financing, while equity or specialised business is ignored.

Besides that, the bank – the first in the country to launch an Islamic credit card (Al-Taslif) – wants to strengthen its presence with Musyarakah offerings by way of entering into partnerships and joint ventures in different projects and businesses. It is also considering taking stakes in projects as part of its offering.

Initially, the bank will work with parent AMMB Group in property ventures or other projects as part of its Musyarakah offering.



“We are ready to take market risks to move ahead,” AmIslamic Bank chief executive officer Ahmad Zaini Othman told *StarBiz*.

“Differentiation is the key word in Islamic finance and we want to focus on areas where not many banks would dwell. Equity financing represents 5% and debt financing 95% of the corporate Islamic banking market,” he said.

Ahmad Zaini
Othman

Ahmad Zaini joined AmBank Group in 1996 armed with 22 years of banking and corporate sector experience. He was appointed CEO of AmIslamic Bank in mid-

June.

He said there “is plenty of scope in equity financing and Musyarakah, and we believe we have the capability and capacity to tap into it.”

“The challenge ahead is really the ability to come up with the right business model to do true business in the realm of Islamic finance. With the right model, we also need to have the right expertise and mindset shift for the desired results and everyone at the bank knows what is expected of him,” he added.

Even though getting talent is an industry-wide problem, AmIslamic Bank believes training and re-training will help create the right workforce to tap into areas of interest. It is also revamping its sales force to be more aggressive.

Ahmad Zaini said judging from its receivables and assets, AmIslamic Bank had a sizeable share in the debt market.

It also has hire purchase facilities worth more than RM6bil, nearly 250,000 Al-Taslif credit cards in circulation, and has given out more than RM1bil in personal financing.

AmIslamic Bank, which started operations in early May, has shareholders' funds of nearly RM1bil

and total assets of RM9bil.

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