

## Bank Rakyat sees 1m users for new Islamic credit card

by Lee Yu Tang

PETALING JAYA: Bank Kerjasama Rakyat Malaysia Bhd expects to win over 1million new credit card users over the next five years with the launch of its new Islamic Credit Card-i early next year.

The bank expects to court some 50,000 customers for the new card in the first year, leveraging on its existing 2.5million customer base. This would translate to between RM1million and RM2million in additional profits, its managing director Datuk Kamaruzaman Che Mat said.

He said Bank Negara Malaysia had given its approval for the card, which is issued based on the Syariah concept of 'mussawamah' or 'murabahah', where customers purchase assets on a deferred payment basis. The asset is then sold for cash to a party other than the original seller. The card is slated for launch in the first quarter of next year.

"Our first target market is our existing customers who have taken personal financing or other types of consumer financing with us. The next target would be the general public who are looking for credit cards that are based on Syariah (principles)," he said yesterday after signing an outsourcing agreement with Silverlake System Sdn Bhd.

Bank Rakyat has outsourced its credit card systems and operations to Silverlake, a move aimed at giving the bank greater freedom to focus on product enhancement, marketing efforts, customer service as well as achieving faster approvals for applications. It claims to be the first in the Asia Pacific region to outsource both its credit card systems and operations to a third party.

"We are confident now is the right time for Bank Rakyat to venture into the credit card market. The Islamic credit card market contributes about 1% of the total Malaysia credit card transactions, or RM369million," Kamaruzaman said in his speech. Malaysia has 9.53 million credit card users as at September, and only two banks are offering Islamic credit cards.

Islamic consumer banking business currently contributes 95% to its revenue and net profit. The remaining 5% is from commercial lending. Bank Rakyat expects to book "RM740million in profit before tax and zakat," he said.

The bank, which has a 2.52% net non-performing loan (NPL) ratio currently, expects to disburse RM11billion of loans next year from the RM10.5billion allocation this year, he said.

At present, Bank Rakyat has a 2% market share of the country's total banking assets and 20% of total Islamic banking assets. It expects to grow its Islamic assets by 15% annually.

Kamaruzaman expects the outlook for Islamic banking in Malaysia over the next three years to be good as the industry's current composition of Islamic assets of 14% is on track to reach the country's 20% target by 2010.

"The growth of Islamic banking is much higher than conventional banking. With more subsidiaries being set up by local banks, I think it would be geared towards increasing the volume of Islamic banking services," he said.

On the bank's network expansion plans, he said it should have 115 branches by year-end as its strategy is to set up four to five branches a year.