

### RHB Islamic Inks Deal With Sedania, E-Pay

**Kuala Lumpur, 12 August 2009:** RHB Islamic Bank (RHBIB) today signed an agreement with Sedania Media Group ('Sedania') and E-Pay for the introduction of telecommunication air time in its Tawarruq offerings.



*(Seated, left to right) Tuan Haji Azrin Mohd Noor, Group CEO of the Sedania Media Group, Jamelah Jamaluddin, Managing Director of RHB Islamic Bank, and Yap Chih Ming, CFO of E-Pay, at the signing ceremony. Witnessing the signing are (from left) Datuk Haji Faisal Siraj, Chairman of RHB Islamic Bank, Tan Sri Halim Ali, Chairman of the Sedania Media Group, Dato' Mukhiz Tun Dr. Mahathir, Deputy Minister of International Trade and Industry, and Dato' Md Hassan Said, Executive Chairman of E-Pay.*

Tawarruq is an Islamic-based product which allows for users to raise funds. In it, the purchaser will buy a commodity from the bank on a deferred payment plan and thereafter, sells it to the market to raise instant funds. In the past, commodities such as precious metals and crude palm oil have been used as the intermediary asset for Tawarruq. Due to its nature and the environment that it operates, it presents a barrier for a wider application of Tawarruq. The commodity requires huge storage and logistics cost, and is subject to price and forex fluctuations as well as governed by its spot-market regulations.

The agreement introduces the use of airtime for Tawarruq with Sedania as the ready buyer and E-Pay as the ready seller for the commodity. It addresses the issues surrounding other commodities, making it more attractive to banks and their customers alike.

One of the interesting aspects of this product proposition is that it also revolutionizes the way Tawarruq transactions are conducted. Once a customer has applied for Tawarruq, the transactions between EPAY, RHBIB, customers and ultimately Sedania is 100% paperless. The Tawarruq Trading System, provided by Idottv Sdn Bhd, a subsidiary of Sedania, now allows for not only greater efficiency and reduced waiting time but ultimately operating cost. According to Azrin Mohd Noor, the Group Chief Executive Officer of Sedania, "this is how business should be conducted in the current technology environment."

"Tawarruq gives Islamic banks the capability to do more than asset financing. In Tawarruq transaction, an asset or commodity is used as an intermediary to provide financing. As an alternative financial services provider to conventional banking, we are committed to provide our customers with a professional and rewarding banking experience," said Jamelah Jamaluddin, the Managing Director of RHB Islamic Bank.

In keeping up with its commitment to be at the forefront of Islamic banking, RHBIB will soon launch other products based on airtime and its trading system. "We are already developing other products using this commodity for our customers to enjoy greater Islamic banking experience," Jamelah added.

"Our proposition is to provide RHB Islamic Bank with an alternative which addresses the challenges in the current Tawarruq practice, thus giving RHB Islamic Bank market advantage over the competitor," Azrin said.



## News Room

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Issued on behalf of RHB Islamic Bank Berhad by Group Corporate Communications Division, RHB Capital Berhad. For more information, please call Eza Dzul Karnain at 012-3420060 or Sandra Foo at 012-3188412.

### **About the RHB Banking Group**

The RHB Banking Group is the fourth largest fully integrated financial services group in Malaysia. The Group's core businesses are streamlined into four Strategic Business Units (SBUs): Retail Banking, Corporate & Investment Banking, Islamic Banking and International Banking. These businesses are offered through its main subsidiaries – RHB Bank Berhad, RHB Investment Bank Berhad, RHB Insurance Berhad and RHB Islamic Bank Berhad, while its asset management and unit trust businesses are held under RHB Investment Management Berhad. RHB's International Banking Division include the commercial banking operations in Singapore, Thailand and Brunei. The Group also has a non-ringgit based offshore funding operations in Labuan as well as a representative office in Vietnam. It is the RHB Banking Group's aspiration to deliver superior customer experience and shareholder value; and be recognised as one of the top financial services groups in ASEAN.

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