

SESSION 5
PERSONAL PROPERTY SECURITIES REGISTRATION FRAMEWORK :
EMERGENCE OF INTERNATIONAL STANDARDS FOR ACCESS TO FINANCING AND
ECONOMIC GROWTH

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NEW LEGAL FRAMEWORK AND BENEFITS



- The introduction of the new framework on the creation of a **unified legal framework** for the registration of securities on movable property and a **unified collateral registry**.
- Legal structures to secure obligations (e.g. security interests/interest (loans secured with movable property, retention of title, financial leasing, assignment of receivables, consignments, etc); and the types of movable property that may be used as security
- **Increase access to credit** by providing legal structures to movable assets as collateral – reforming secured transactions laws and registries
- Reforming movable collateral framework enables **business to leverage the greatest part of their asset** and obtains credit for growth
- **Strengthens the financial system** by diversification of asset held by financial institution efficiently spreading the risk
- Providing banks with profitable lending opportunities **in the SMEs sector** –SMEs more financially constraint than large counterparts
- **Improved liquidity of assets** – short term assets such as accounts receivables



- Asset-based loans secured by movable assets disproportionately **benefit small enterprises** and new businesses.- often advance funds when traditional sources are not available -small companies can usually get more cash more quickly than they could from a traditional bank loan - **feasible option for rapidly growing, cash-strapped companies for short term cash needs.**
- Benefit to women for secured transaction** - wealth in gold - accepted by formal banks as security for loan
- The development of financial market infrastructure promotes **financial stability.** A sound financial infrastructure includes secured transactions systems, payment systems, remittances, insolvency regimes, credit information reporting, interbank lending and central bank support.

COMPATIBILITY WITH ISLAMIC FINANCE



- Commercial contracts
- Wakaf – land as security – consent and discretionary of Majlis Agama Islam Negeri
- Al Rahn (mortgage and charge)
- Kafalah (guarantee and security)
- Sale contracts – Bai Al Murabahah, Bai Al Bithaman Ajil
- Leasing – Al Ijaarah

GOING FORWARD



- Advice government , legal and policy makers and financials sectors on the legal and regulatory environments for secured lending
- Registry – provision of technical advice on the creation of the new collateral registries or the improvement of existing ones
- Capacity building – training and awareness program among stakeholders on compliance with new laws and regulations
- Consultation with various agencies on overlapping issues on policy statement – issues relating to IP rights
- Consultations with relevant registry
- Awareness building program among creditors on the use of new system and training of creditors on movable asset based lending products
- Syariah – Syariah Advisory Council , Securities Commission , MAIS Negeri
- Awareness program – academicians , judiciary, business community on the new legal framework



THANK YOU