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## Labuan sees tremendous growth potential from Indonesia capital move

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**GEORGE TOWN:** The landmark decision by Indonesia to relocate its capital from Jakarta in the Java Island to Kalimantan area is expected to make the Borneo Island one of the biggest growth centres in Asia, said a leading banker here.

Labuan Financial Services Authority (LFSA) director-general Danial Mah Abdullah (*pix*) said that he agreed with the assertion that Borneo - home to the Malaysian states of Sarawak, Sabah and the Federal Territory of Labuan as well as Brunei and Kalimantan (Indonesia) should brace itself for the push and demand for growth.

Penang-born Mah said that the designated capital is likely to be situated near Tawau in Sabah so the growth within the region is expected to be phenomenon.

In view of this, LFSA, which is the country's sole mid-shore banking facility and regulator, is keen to position itself as a prime participant in the development process of a new capital, especially since it has a unique range of banking services.

Presently, the population base of Jakarta is expected to touch 10 million - making it one of the biggest cosmopolitan cities in Asia and likely the biggest in Asean.

Mah said that LFSA has the potential to become a major financial services centre as it shares the same time zone with Asia's financial hubs - such as Shanghai, Hong Kong and Singapore.



Its emphasis on digitalisation and digital currency in the banking system was also helping its cause to compliment the Asian financial hubs.

Presently, some 200 companies registered in Penang are using the LFSA to cement its international dealings, said Mah.

"There is room for more growth. LFSA is also seeking for talents, including from Penang to help grow our potential. Labuan is also a duty free entreport."

Digitalisation of the banking services has seen LFSA cement an agreement with China Construction Bank Corp (CCB) - one of the biggest infrastructure companies in the world - to set up a branch in Labuan.

The application was approved for them to conduct digital banking activities in the Labuan

International Business and Financial Centre (Labuan IBFC).

It was reported that a core strategy of CCB is building a digital financial ecosystem with the use fintech to empower customers' access to their banking needs.

Since its formation 29 years ago, the Labuan International Business Financial Centre is now home to 55 banks, 217 insurers, 61 trust companies and more than 300 leasing companies as well as 43 commodity trading companies.

Earlier, LFSA hosted an awareness talk on its role at the Wawasan Open University (WOU) main campus here.

The event was graced by the Yang di - Pertua Negri Tun Dr Abdul Rahman Abbas where also present was WOU deputy vice-chancellor Prof Dr Zoraini Wati Abas.



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### SUMMARIES

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