



Tun Abdul Rahman (fourth left) with Toh Puan Majimor (fourth right), Labuan MP Datuk Rozman Isli (third left) and Danial (second left) at the dinner.

## Labuan strengthens ties with Penang's TYT visit

### Iffah Dilaney

LABUAN: The Labuan Financial Services Authority (Labuan FSA) has further strengthened the economic relationship between the duty-free island and Penang with the inaugural visit of Penang Yang Dipertua Negeri Tun Abdul Rahman Abbas.

Labuan FSA Director-General Danial Mah Abdullah said the visit symbolises the strong bilateral ties established and hoped to foster further the friendship and business relationship between the two islands.

"Penang is regarded as the Silicon Valley of the East and has one of the largest economies in Malaysia. Comparatively, Labuan was declared as an International Business Financial Centre to complement the domestic financial sector in Kuala Lumpur.

"With these similarities, it is therefore opportune and timely for the two islands to forge ties and reap the benefits from such synergy," Danial said at a dinner during the two-day official visit.

Danial noted that while Labuan FSA demands for the industry to have higher substance in Labuan, they have also liberalised other requirements as a balancing act.

"For instance, Labuan entities are now allowed to set up marketing offices in more places in Malaysia, including Penang.

"Now, some Labuan banks are setting up Penang offices to expand their northern Malaysian market.

"And this is one way how Labuan could help contribute economic benefits and generate business opportunities to other cities, like Penang," he said.

Additionally, Danial revealed that the various financial services offered out of Labuan can be capitalised on to facilitate businesses, financing of infrastructural developments and investments into Penang.

"For example, a Labuan bank specialising in infrastructure construction has or will be providing financial loans for some

projects in Penang," he shared.

Danial was optimistic that it was a positive year ahead for the Labuan financial sector and one to look forward to.

"With substance requirements fully effected last year, we hope to see more to be employed in Labuan IBFC.

"Already, we are seeing a spike in demands for office space – to the extent that Financial Park Complex's business occupancy was said to have reached its maximum capacity.

"Coupled with more oil rigs being deployed into operation this year, things are certainly looking positive for Labuan," he said.

He said the businesses in Labuan IBFC will continue to grow as the diverse business sectors in Labuan IBFC such as banking, insurance and corporate services continued to expand and fulfil the regions' financial and intermediation needs.

In recent times, the growth in digital innovative financial business has gained in momentum, partly due to the business-facilitative approach adopted by Labuan FSA in embracing digital revolution, he added.

"There is now a growing 'digital family' of more than 30 fintech-related companies present in Labuan IBFC conducting various digital businesses ranging from digital banking, insurtech to digital intermediaries such as robo-advisory, digital exchanges, crypto trading platforms, blockchain tokens as well as e-payment systems, and more are in the pipeline.

"In fact, we are also digitally enhancing the Labuan International School, which is owned by Labuan FSA, by partnering with an e-wallet service provider to enable digital transactions in the school," he said.

Danial believes that there are lots of more positive synergies to be uncovered between Penang and Labuan.

"We will continue to work on this strategic collaboration and bring about more mutual benefits for both islands," he said.