



Frequently Asked Questions (FAQ)

Islamic Digital Economy



ISLAMIC DIGITAL ECONOMY

No 1	What is Islamic Digital Economy (IDE) Mi'yar
	<p>Islamic Digital Economy (IDE) Mi'yar refers to set of guides that provide the reference for digital economy communities who want to participate in Islamic Digital Economy. The global first comprehensive IDE Mi'yar as part of Malaysia's strategy:</p> <ol style="list-style-type: none"> 1. To cement the country's global leadership role in Islamic economy. 2. To create a unique and competitive advantage to accelerate the growth of Malaysia's digital economy.

No 2	What are the intended outcomes of IDE Mi'yar?
	<p>The IDE Mi'yar to provide the general guides for digital economy stakeholders. Ultimately, IDE Mi'yar aspires to achieve the following: -</p> <ol style="list-style-type: none"> 1) Position Malaysia as the global hub for Islamic digital economy. 2) Expand Islamic capital market in Malaysia by producing more Shariah compliant startups. 3) Expand Halal industry by enhancing the value of a Halal certified company, by using technology. 4) Expand Islamic finance industry by providing Islamic financial institutions series of potential clients and collaborators.

No 3	Who are the target audiences of IDE Mi'yar?
	Regulators, Investors, Venture Capitals (VCs), Start-ups, Technopreneurs and Technology enthusiast.

No 4	What does Islamic Digital Economy (IDE) Mi'yar covers?
	<p>IDE Mi'yar covers three core components - capital provider, start-up as well as product and services.</p> <p>Guidance on the following items to be given on all three core components:</p> <ol style="list-style-type: none"> 1) Requirement with regards to capacity building (People) 2) Reference on the right activities to be undertaken at each component (Process); and 3) The right governance setup (Oversight)

No 5	Who will benefit from IDE Mi'yar?
	<p>The beneficiaries of IDE Mi'yar including but not limited to the following:</p> <ol style="list-style-type: none"> 1) The capital provider who would like to invest using Shariah compliant instrument into Start-ups. 2) The start-up who would like to receive Shariah compliant investment and operate its business in accordance to Shariah. 3) Any entrepreneurs or aspiring entrepreneurs that would like to develop technology products and services which in line with Halal certification.

No 6	What is the process for a company / investor / entrepreneur to partake / receive guidance through IDE Mi'yar
	<p>Those that are interested in IDE Mi'yar may download the guides from this Islamic Digital Economy website, under IDE Guide (Mi'yar).</p>

No 7	Does complying to MDEC IDE Mi'yar sufficient for the company to meet compliance requirement by the regulatory bodies?
	<p>IDE Mi'yar only acts as the guide and therefore, it must be read together with acts, guideline, and standard set forth by other government agencies such as:</p> <ol style="list-style-type: none"> 1) Department of Islamic Development Malaysia (JAKIM) – Halal Guideline and Standard. 2) Securities Commission Malaysia (SC) – Screening methodology, Guideline on venture capital, and Guideline on P2P and crowdfunding. 3) Bank Negara Malaysia (BNM) – related Guideline and standard on Islamic financial institutions and fintech activities. 4) Malaysian Communications and Multimedia Commission (MCMC) – various guidelines related to digital economy.

No 8	What does Venture Capital (VC) Mi'yar entails?
	<p>The VC Mi'yar covers all investment activities from the venture capital to the startups from its structuring, investment and post investment phases. The VC Mi'yar does not cover the source of fund in which the VCs obtain their fund from. The legality and compliant status of the source of fund for the VCs to be decided by relevant regulatory bodies and Shariah advisors of the VC.</p>

No 9	What are the processes to be part of / to benefit from VC Mi'yar?
	The VCs that would like to take part in VC Mi'yar need to register as Shariah VC with Securities Commission Malaysia (SC) and adhere to SC's guideline on Shariah VC.

No 10	What are the key salient requirements for the VC funds to be Shariah compliant?
	For the VC funds to be Shariah compliant, the VC funds need to comply to the requirements including but not limited to the following: <ol style="list-style-type: none"> 1) Appointment of Shariah Advisor. 2) To assure all relevant documentations adhere to Shariah compliant requirement. 3) Treatment of capital and profit from the VC investment to comply to Shariah. 4) Shariah oversight and monitoring of the VC funds.

No 11	Are the investment models within the VC Mi'yar the only Shariah compliant models for venture capital investment?
	The VC investment models in the VC Mi'yar are the most commonly used but not exhaustive. The VC funds can propose other investment model that suit their investment requirements if it is approved by their appointed Shariah Advisors.

No 12	What are the differences between the Shariah compliant companies with the companies that obtain JAKIM Halal certification?
	The companies that obtain Malaysia JAKIM Halal certification are companies comply with JAKIM Halal standards and guidelines with regards to companies' process to produce the goods or process to render services.

No 13	Is that possible for start-up that is not Shariah compliant to be endorsed Shariah compliant?
	Yes, it is possible. The start-up needs to prepare remedial action and appoint the Shariah advisers to monitor and advice during the conversion period.

No 14	What does the Mi'yar for Product and Services from Halal perspective entail?
	<p>It covers two main area with regards to product and services:</p> <ol style="list-style-type: none"> 1) Islamic media and digital content. 2) Islamic digital platform / application.
No 15	If the product does not comply with Mi'yar for Product and Services from Halal perspective, does that mean that the product cannot be aired and published?
	<p>The purpose of this Mi'yar is to provide guidance on how digital content should be if it is to be branded as a Halal certified product. Therefore, if the start-ups do not comply with this Mi'yar, they can still operate and launch their product and services if they comply with relevant regulatory requirements.</p>
No 16	Which agency will oversee IDE Mi'yar and what is its purview?
	<p>MDEC as the owner of IDE Mi'yar is responsible to update to ensure the relevancy of IDE Mi'yar. Apart from MDEC, other government agencies and regulator that provide oversight on IDE are as per follows: -</p> <ol style="list-style-type: none"> 1) Department of Islamic Development Malaysia (JAKIM) – Halal Guideline and Standard. 2) Securities Commission Malaysia (SC) – Screening methodology, Guideline on venture capital, and Guideline on P2P and crowdfunding. 3) Bank Negara Malaysia (BNM) – related Guideline and standard on Islamic financial institutions and fintech activities. 4) Malaysian Communications and Multimedia Commission (MCMC) – various guidelines related to digital economy.
No 17	How will IDE Mi'yar benefit Malaysia?
	<p>IDE Mi'yar will strengthen Malaysia position as the global leader in Islamic economy and uniquely map Malaysia in global digital economy as the 'go-to' place for Shariah compliant and Halal certification related business.</p> <p>Ultimately, IDE Mi'yar aspires to attract more Start-ups and VCs to do business in Malaysia.</p>

No 18	Will IDE Mi'yar help to grow the Halal industry? If so, how?
	Yes, IDE Mi'yar will expand the realm of Halal industry from physical business activities onto digital space.
No 19	Will IDE Mi'yar seen as a challenge for other countries to do e-commerce trading with Malaysia?
	IDE Mi'yar supplementing the existing e-commerce infrastructure in Malaysia by providing clarity with regards to Shariah compliant and Halal certification. As such, it will not be a challenge for other countries to do e-commerce trade with Malaysia, rather, it might attract more e-commerce trade in Malaysia.
No 20	Will there be an impact on DFTZ?
	As mentioned above, IDE Mi'yar will supplement the existing DTFZ setup and provide further niche to Malaysia with regards to e-commerce industry.
No 21	Is IDE Mi'yar open to non-Muslims entrepreneurs / companies?
	IDE Mi'yar is a set of guides to be referred and practiced by all walk of life regardless of religion, nationality and race.
No 22	Is IDE Mi'yar open to non-Malaysians?
	Yes, IDE is for everyone that would like to operate their business in Malaysia.
No 23	What happens if shariah compliant investee becomes non shariah compliant due to deal structure or receiving debt, and the how to portion?
	<p>At VC level, it will be determined the next course of action by the Registered Shariah Adviser appointed by the VC, either to hold or sell or to restructure the deal.</p> <p>At start-up level, they need to prepare conversion plan and presented to Registered Shariah Adviser for endorsement.</p>