THE PROJECT ON DEVELOPING ISLAMIC FINANCE INDUSTRY DATABASE FOR OIC MEMBER COUNTRIES

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Beirut, Lebanon
• Brief Introduction of SESRIC
• OIC Islamic Finance Industry Database Project
  □ Background
  □ Objective and Rationale
  □ What has been done so far?
  □ Project Document
  □ Preliminary Results of the Survey
  □ The Way Forward
The basic mandate of SESRIC given by OIC is threefold:

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>Collate, process and disseminate socioeconomic statistics and information</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESEARCH</td>
<td>Study and evaluate the economic and social developments towards generating proposals and policy recommendations</td>
</tr>
<tr>
<td>TRAINING &amp; TECHNICAL COOPERATION</td>
<td>Organise training programmes geared to the needs of the MCs as well as general objectives of the OIC</td>
</tr>
</tbody>
</table>
OVERVIEW of ISLAMIC FINANCE ACTIVITIES in OIC COUNTRIES

Size of Global Islamic Financial Assets
(2007-2015, Billion USD)

Source: Global Islamic Finance Report, 2016
OVERVIEW of ISLAMIC FINANCE ACTIVITIES in OIC COUNTRIES

Distribution of Islamic Finance Assets by Sector (2014)

OVERVIEW of ISLAMIC FINANCE ACTIVITIES in OIC COUNTRIES

Distribution of Islamic Finance Assets (2014)

BACKGROUND OF THE PROJECT

2010

- **March**: The Meeting of NSOs of OIC MCs called for EGM on ‘Islamic Statistics’.
- **December**: The EGM identified the needs and requirements for the domains of Islamic Statistics.

2011

- **April**: 1st Session of OIC-StatCom ‘Islamic Statistics’ was presented.

2012

- **May**: 2nd Session of OIC-StatCom has given Islamic Banking and Finance Statistics (IBFStat) high priority
• **April**: The Technical Committee of IBFStat was called for *Expert Group Meeting (EGM)*

• **March**: EGM on ‘Islamic Banking and Finance Statistics’

• Participated by 13 OIC MCs, IRTI and other relevant stakeholders.
• **OICStat Database**
  - Issues related to existing databases: limited coverage, lack of consistency, gap in time series
  - Lack of coordination and harmonization on Islamic finance indicators
  - Need for data that is readily accessible, user-friendly, consistent and comparable across countries for research, policy formation and decision making and strategy development
• Islamic finance is both the concern and challenge of Muslim communities in the World; hence the problems of data issues of this niche area should be prioritized and handled especially by Muslim countries and OIC
OBJECTIVES OF THE PROJECT

• Conduct of a Survey of Islamic Finance Practices of OIC countries
• Build Global Islamic Banking Database
• Construct Global Islamic Capital Markets, Sukuk & Syndicated Lending Database
• Develop Non-Bank Islamic Finance Institutions (NBFIs) Database
• Form Islamic Insurance (Takaful) Sector Database
WHAT HAS BEEN DONE SO FAR?

1. A Stakeholders Meeting was organized at World Bank – IMF Meetings in October 2016
2. A Project Document (existing data practices of some major OIC countries) was prepared
3. Project Governance Mechanism and a list of possible variables for inclusion in the Database were selected.
4. A Survey was designed and distributed among OIC countries to get insight about Islamic finance data collection practices
5. A Consultative Meeting organized in September 2017
In order to discuss the project fundamentals, a stakeholders meeting was organized in Washington DC, during the IMF – World Bank Annual Meetings, in October 2016.

- Relevance and the context of the project
- Project feasibility and methodology
- Indicators that should be included within the database
- Existing data collection and compilation practices in OIC countries
- How to proceed given existing issues and challenges
• **SESRIC** is a relevant party to lead this project within OIC being the main statistical
• More reasonable to start with **banking sector**
• Need to persuade **national authorities** in each respective sector of Islamic finance industry
• Need for the development of a **conceptual framework** and a template as one of the ultimate goal of the project
• Information in three respective headings; **monetary, stability, and development indicators**
• To reach at least the **policy level data** at the national level
**RECOMMENDATIONS of STAKEHOLDER MEETING**

- **A Project Document** to be prepared:
  
  | to determine the gaps in the existing Islamic finance databases, data collection and dissemination practices |
  | to analyze the strategy to follow to establish the conceptual framework and the proper governance structure for the project |
  | to determine a proposed set of priority variables under the monetary, stability, and development indicator categories |
Consultative Meeting on Developing Islamic Finance Industry Database Project

Bodrum, Muğla Turkey  24 September 2017
PROJECT DOCUMENT: Existing Databases

Existing Databases on Islamic Finance

- IFSB
  - Prudential and Structural Islamic Finance Indicators (PSIFIs)

- CIBAFI & IDB / IRTI
  - Islamic Financial Industry Information (IFII) Project

- Other
  - IIFM (Sukuk Database)
  - Orbis Bank Focus
  - Thomson Reuters Zawya
  - ???
The analysis covers ten selected OIC countries holding more than 94% of Islamic finance assets, namely:

• **Bangladesh, Bahrain, Indonesia, Iran, Kuwait, Malaysia, Qatar, Saudi Arabia, Turkey, and UAE**

Existing publicly available data and documents are analyzed. The information on the websites and reports are used for analysis provided by regulatory and supervisory authorities of Islamic finance sector.

A checklist is composed including the availability of certain data regarding each sector of Islamic finance industry and the main variables for which data is available either in national currency and USD terms.
<table>
<thead>
<tr>
<th>Country</th>
<th>Banking</th>
<th>Takaful</th>
<th>Capital Markets</th>
<th>Finance Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>Central Bank of Bahrain</td>
<td>Central Bank of Bahrain</td>
<td>Central Bank of Bahrain</td>
<td>Central Bank of Bahrain</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Central Bank of Bangladesh</td>
<td>Insurance Development and Regulatory Authority</td>
<td>Securities and Exchange Commission Bangladesh</td>
<td>Central Bank of Bangladesh</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Bank Indonesia and OJK</td>
<td>Indonesian Financial Services Authority (OJK)</td>
<td>Indonesian Financial Services Authority (OJK)</td>
<td>Indonesian Financial Services Authority (OJK)</td>
</tr>
<tr>
<td>Kuwait</td>
<td>Central Bank of Kuwait</td>
<td>The Ministry of Commerce and Industry</td>
<td>Capital Markets Authority</td>
<td>Central Bank of Kuwait</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Bank Negara Malaysia</td>
<td>Bank Negara Malaysia</td>
<td>Securities Commission Malaysia</td>
<td>Bank Negara Malaysia</td>
</tr>
<tr>
<td>Qatar</td>
<td>Qatar Central Bank and Qatar Financial Center Regulatory Authority</td>
<td>Qatar Central Bank and Qatar Financial Center Regulatory Authority</td>
<td>Qatar Financial Markets Authority (QFMA) and Qatar Stock Exchange</td>
<td>Qatar Central Bank and Qatar Financial Center Regulatory Authority</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Saudi Arabian Monetary Agency</td>
<td>Saudi Arabian Monetary Agency</td>
<td>Capital Markets Authority of Saudi Arabia</td>
<td>Saudi Arabian Monetary Agency</td>
</tr>
<tr>
<td>Turkey</td>
<td>Banking Regulation and Supervision Agency and Central Bank of the Republic of Turkey</td>
<td>General Directory of Insurance of Undersecretariat of Treasury</td>
<td>Capital Markets Board of Turkey</td>
<td>Banking Regulation and Supervision Agency</td>
</tr>
<tr>
<td>UAE</td>
<td>Central Bank of the UAE</td>
<td>Insurance Authority</td>
<td>Securities and Commodities Authority</td>
<td>Central Bank of the UAE</td>
</tr>
</tbody>
</table>
PROJECT DOCUMENT: Islamic Banking

1. List and Number of Islamic Banks
2. Total Assets of Islamic Banking Sector
3. Total Loans extended by Islamic Banking Sector
4. Distribution of Loans by type, sector, contract type and maturity
5. Total Deposits of Islamic Banking Sector
6. Distribution of Deposits by type and maturity
7. Total Restricted and Unrestricted Investment Accounts
8. Total Revenues of Islamic Banking Sector
9. Amount Paid to Depositors and Investment Account Holders
10. Gross Income
11. Operating Expenses
12. Total Net Operating Income
13. Net Income
14. Risk-weighted Capital Ratio / Capital Adequacy Ratio
15. Total Non-Performing Loans by sector
16. Sectoral Balance Sheet of Islamic Banks
17. Sectoral Income Statement of Islamic Banks
• **Malaysia** as the benchmark case (providing all variables)

• **Turkey and Indonesia** are also disclosing most of the information related to the Islamic banking sectors

• **Qatar, Bahrain, and Bangladesh** are other good examples

• In some other countries the data publicized by the regulatory institutions does not differentiate between conventional and Islamic banking activities (**Kuwait, Saudi Arabia, and UAE**)  

• In some other countries, the data placed at the website of the regulatory institutions is very restricted and the format is quite different as compared to other practices (**Iran**)
1. **Total Number of Sukuk Issued**
2. **Total Amount of Sukuk Issued**
3. **Total Amount of Outstanding Sukuk**
4. **Number of Sharia compliant securities**
5. **Market Capitalization of Sharia Compliant Securities**
6. **Number of Sharia Compliant Funds**
7. **Assets under Management of Islamic Funds**

- **Malaysia and Indonesia** are 2 good examples for the disclosure of the data on Islamic capital market activities.
- **As for Turkey**, the data disclosure practice seems to be satisfactory.
- **Saudi Arabia** provides data on the Sukuk market
- **The data disclosure practices** are much more satisfactory as compared to Takaful sector
1. Number of Takaful Operators
2. Total Assets of Takaful Operators
3. Total Liabilities of Takaful Operators
4. Gross Contributions
5. Gross Contribution by the type of Takaful
6. Gross Claims Paid
7. Net Claims Paid
8. Total Amount of Investments
9. Total Expenses
10. Claims Ratio
11. Retention Ratio

- **Malaysia** together with **Bahrain** emerges again as a benchmark model
- Some information is available in case of **UAE**
- Almost no information is available for other countries
POSSIBLE CHALLENGES

1. Lack of awareness on the necessity of a country-level Islamic finance database across OIC countries
2. Differences in the level of development of Islamic finance activities and its various sectors across OIC countries
3. Capacity gaps and lack of uniformity in terms of Islamic finance data compilation and disclosure practices and formats
4. Legal constraints in data disclosure and sharing of OIC countries
5. Difficulties in establishing and sustaining the communication and collaboration with local regulatory and supervisory authorities
6. Technical issues considering the periodicity and currency unit for the database
7. Longevity of the project and sustainability of resources
8. Inadequate level of coordination and collaboration with international institutions relevant to the project
STRATEGIC ROADMAP PROPOSAL

DATA PROVIDERS OF ISLAMIC FINANCE ACTIVITIES IN OIC COUNTRIES
- Central Banks
- Capital Market Regulators
- Stock Exchanges
- Insurance Market Regulators
- National Statistical Offices (NSOs)

ADVISORY BOARD
- (At least) Three senior people from international institutions, private sector, or academia with expertise on Islamic Finance

TECHNICAL TEAM(S)
- (At least) Three people with expertise on Islamic finance, economics, statistics, and database practices of other (inter)national institutions

USERS OF ISLAMIC FINANCE DATA
- Policy Makers
- International Institutions
- Private Sector
- Researchers

STAKEHOLDERS
- OIC and SESRIC
- AAOIFI, CIBAFI, IDB, IFSB, IMF, IRTI, UNSD, World Bank

PROJECT EXECUTION

FINALIZATION OF PROJECT AFTER CM & SURVEY
- Strong interaction with the Advisory Board
- Technical work

DESIGN OF PROJECT DATABASE TEMPLATE
- Interactions with data providers and other stakeholders
- Statistical outreach activities

EXPECTED TIME SCHEDULE
- 4 Months
- 8 Months

STARTING OF DATA COLLECTION
## Proposed Set of Priority Indicators

<table>
<thead>
<tr>
<th>Sectoral Development Indicators</th>
<th>Monetary Indicators</th>
<th>Stability Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Islamic Banking</strong></td>
<td>16</td>
<td>29</td>
</tr>
<tr>
<td><strong>Sukuk</strong></td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td><strong>Islamic Asset Management</strong></td>
<td>22</td>
<td>5</td>
</tr>
<tr>
<td><strong>Takaful Sector</strong></td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td><strong>Other IF Institutions</strong></td>
<td>9</td>
<td>-</td>
</tr>
</tbody>
</table>
Country Diagnostics – 20 questions in total

• Does your country collect, compile, and disseminate any data on Islamic Banking and Finance Statistics?

• Names of relevant agencies or institutions

• Challenging and/or preventing factors (8 Likert scale questions)

• Some questions on the size of the Islamic banking, capital market and takaful sectors

• Some questions to gather opinions regarding the importance of various aspects of Islamic finance data collection practices

• Listing of recent developments in Islamic finance sector
Data collection, compilation and disclosure practices in OIC countries – 30 questions in total
Following questions are asked related to Islamic banking, Islamic capital markets, Asset management, Takaful, Islamic non-bank financial institution

• **Availability a specific formal financial accounting and reporting framework for the specific Islamic finance sector and its level of compliance with international standards**

• **Availability of a specific institution that collects information on the specific Islamic finance sector**

• **Whether the data is disseminated**

• **The level of data – institutional or sectoral**
Needs assessment of capacity building on Islamic finance industry statistics – 21 questions in total
Following questions are asked related to Islamic Banking, Islamic capital markets, asset management, Takaful, Islamic non-bank financial institution

- The availability of training/capacity building being taken from regional/international organizations in terms of Islamic finance statistics
- The availability of any need for capacity building on statistics related to Islamic finance sectors
- The internal capacity of the institution or country to provide capacity building on various Islamic finance sectors
## COMPLETION STATUS OF SURVEY

<table>
<thead>
<tr>
<th>Status</th>
<th>#</th>
<th>Countries (27)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>32</td>
<td><strong>NSOs (12)</strong>: Chad, Egypt, Gabon, Indonesia</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>CBs &amp; MAs (15)</strong>: Brunei, Kuwait, Malaysia, Pakistan, Saudi Arabia</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Other (5)</strong>: Pakistan</td>
</tr>
<tr>
<td>Complete</td>
<td>10</td>
<td><strong>Bangladesh, Iraq, Jordan, Kuwait, Morocco, Nigeria, Palestine, UAE</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Bahrain, Guinea, Indonesia, Jordan, Kyrgyzstan, Lebanon, Maldives, Qatar, Suriname, Turkey</strong></td>
</tr>
<tr>
<td>Incomplete</td>
<td>22</td>
<td><strong>Cote d'Ivoire, Jordan, Oman, Senegal</strong></td>
</tr>
</tbody>
</table>
# PRELIMINARY RESULTS: PART I

<table>
<thead>
<tr>
<th>OIC countries that collect, compile, and disseminate data on Islamic Banking and Finance Statistics</th>
<th># YES</th>
<th># NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES: Bahrain, Bangladesh, Brunei, Cote d'Ivoire, Jordan, Indonesia, Iraq, Kuwait, Kyrgyzstan, Lebanon, Malaysia, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Senegal, Turkey and UAE.</td>
<td>19</td>
<td>8</td>
</tr>
<tr>
<td>NO: Chad, Egypt, Gabon, Guinea, Maldives, Morocco, Nigeria, Suriname</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Responsible Agencies for collecting, compiling/processing, and disseminating data on: 

Islamic Banking

- Main responsible body is the Central Bank or the Monetary Authority in the country
- In Bangladesh, Iraq, Jordan and Palestine, NSOs are also responsible for the relevant processes.
- In Cote d’Ivoire and Senegal, the Ministries are also responsible
- In Kuwait, private sector is also collecting the data.
<table>
<thead>
<tr>
<th>ISLAMIC BANKING</th>
<th>CB &amp; MA</th>
<th>RSA</th>
<th>NSO</th>
<th>Min.</th>
<th>Priv. Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collecting</td>
<td>17</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Compiling/Processing</td>
<td>15</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Disseminating</td>
<td>15</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
Responsible Agencies for collecting, compiling/processing, and disseminating data on:

**Islamic Capital Markets**

- Main responsible body is mostly the Capital Market Authorities. However, CBs & MAs stated also that they also collect and process the data.
- Indonesia (OJK) and Jordan (NSO) stated that they collect, compile the ICM statistics
- In Cote d’Ivoire and Senegal, Ministries are also responsible for the process.
### Responsible Agencies for collecting, compiling/processing, and disseminating data on:

<table>
<thead>
<tr>
<th>ISLAMIC CAPITAL MARKETS</th>
<th>Collecting</th>
<th>Compiling/Processing</th>
<th>Disseminating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CMA</td>
<td>CB &amp; MA</td>
<td>RSA</td>
</tr>
<tr>
<td>Collecting</td>
<td>8</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Compiling/Processing</td>
<td>7</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Disseminating</td>
<td>7</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>
Challenging and preventing factors faced while producing Islamic Banking and Finance data

- Lack of methodological knowledge of human resources in terms of Islamic finance statistical framework (QUALITYWISE)
- Lack of or insufficient number of human resources in terms of collection, compilation & reporting (QUANTITYWISE)
- Lack of or inappropriate IT infrastructure
Do you think that there is a need for the development of a country-level aggregated database of Islamic finance sector among OIC member countries?

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of Countries</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>25</td>
<td>83 %</td>
</tr>
<tr>
<td>NO</td>
<td>5</td>
<td>17%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>
### Legal Status of Islamic Financial Institutions

<table>
<thead>
<tr>
<th>Legal Status</th>
<th>Number of Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Specific law applied for IF Institutions</td>
<td>7</td>
</tr>
<tr>
<td>The same law and regulations with conventional financial institutions applied</td>
<td>10</td>
</tr>
<tr>
<td>The same law with conventional financial institutions applied <em>but there are different regulations for IF institutions</em></td>
<td>13</td>
</tr>
<tr>
<td>Other legal statuses not mentioned above</td>
<td>2</td>
</tr>
</tbody>
</table>
Does your country have a specific formal financial accounting and reporting framework for *Islamic banks and Islamic banking windows*?

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of Countries</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>9</td>
<td>35%</td>
</tr>
<tr>
<td>NO 1</td>
<td>16</td>
<td>61%</td>
</tr>
<tr>
<td>NO 2</td>
<td>1</td>
<td>4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>26</td>
<td>100%</td>
</tr>
</tbody>
</table>
Does your country have a specific formal financial accounting and reporting framework for Islamic asset management companies?

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of Countries</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>6</td>
<td>32%</td>
</tr>
<tr>
<td>NO 1</td>
<td>12</td>
<td>63%</td>
</tr>
<tr>
<td>NO 2</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>19</td>
<td>100%</td>
</tr>
</tbody>
</table>
Does your country have a specific formal financial accounting and reporting framework for *Takaful (Islamic Insurance) companies*?

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of Countries</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>6</td>
<td>29 %</td>
</tr>
<tr>
<td>NO</td>
<td>15</td>
<td>61 %</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21</td>
<td>100%</td>
</tr>
</tbody>
</table>
Does your country/institution need capacity building on Islamic Finance sectors?

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of Countries</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES, in all sectors</td>
<td>10 countries</td>
<td>38 %</td>
</tr>
<tr>
<td>YES, in some sectors</td>
<td>10 countries</td>
<td>38 %</td>
</tr>
<tr>
<td>NO</td>
<td>6 countries</td>
<td>23 %</td>
</tr>
<tr>
<td>Total</td>
<td>26 countries</td>
<td>100 %</td>
</tr>
</tbody>
</table>
Mostly Needed Topics:

1. Islamic Banking Accounts
2. Statistical Framework for Islamic finance and Data Management Practices
3. Operation of Islamic banking and other sectors
4. Islamic Banking equivalents to conventional banking
5. Risk management, regulatory and supervisory practices
6. Any training topic regarding Islamic finance statistics for all sectors
<table>
<thead>
<tr>
<th>Cooperation with and/or receive consultation/capacity building training from regional/international organizations</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic Banking</td>
<td>15</td>
<td>13</td>
</tr>
<tr>
<td>Islamic Capital Markets</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Islamic Asset Management</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Takaful (Islamic Insurance)</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Islamic Non-Bank Financial Institutions</td>
<td>4</td>
<td>16</td>
</tr>
</tbody>
</table>
THANK YOU

Statistical, Economic and Social Research and Training Centre for Islamic Countries

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Twitter : @sesric  @oicstatcom