

# **“Collection and Dissemination of Islamic Financial Industry Statistics in Pakistan”**

**Consultative Meeting on Developing Islamic Financial Industry  
Database of OIC Member Countries at Mugla, Turkey  
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# Outline

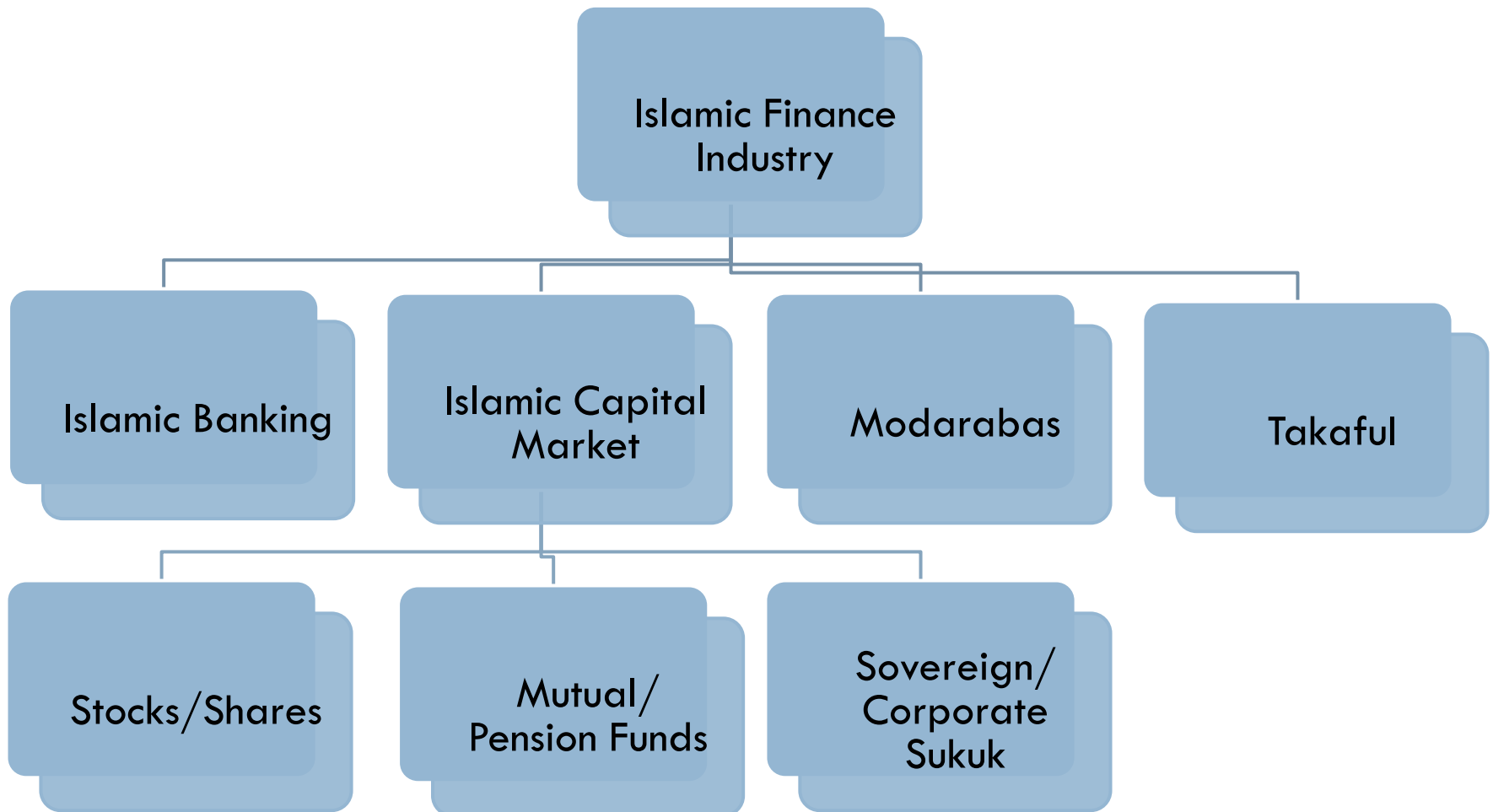
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- Islamic Finance Industry in Pakistan
- Banking Sector of Pakistan
- Brief History of Islamic Banking
- Collection and Dissemination of Islamic Financial Industry Statistics
- Islamic Banking Statistics
- Key Challenges

# Islamic Finance Industry in Pakistan



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# Islamic Finance Industry in Pakistan



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<b>S. No.</b>	<b>Sub-Sector</b>	<b>Supervisory Authority</b>
1	Banking, Development Finance Institutions	State Bank of Pakistan (SBP)
2	Capital Market, Assets Management Companies, Takaful and Non-Bank Financial Institutions	Securities and Exchange Commission of Pakistan (SECP)



# Islamic Finance Industry in Pakistan

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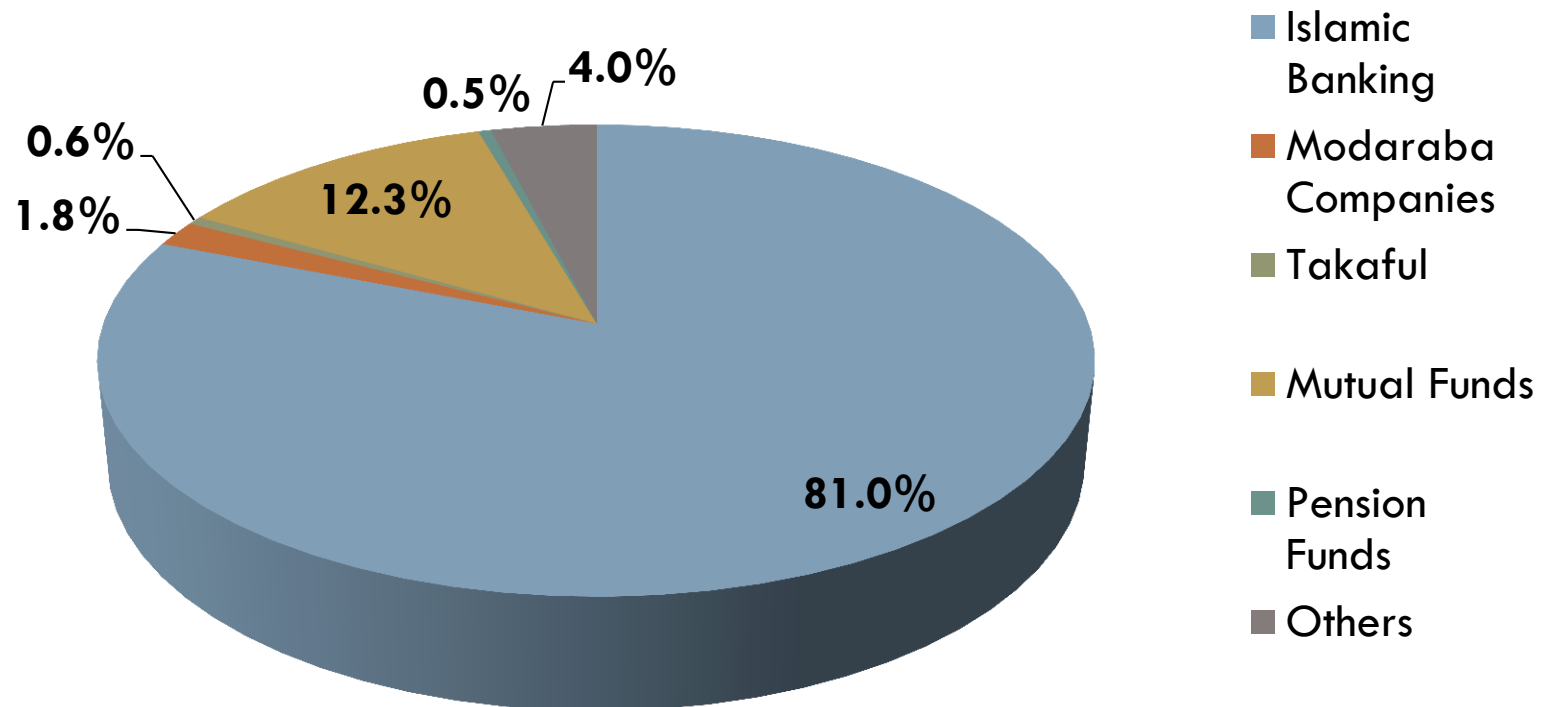
<b>Assets of Islamic Finance Industry (30-06-2017)</b>			
			(US\$ Million)
<b>S. No.</b>	<b>Sector</b>	<b>Number of Entities</b>	<b>Total Assets</b>
1	Islamic Banking	21	20,351
2	Modaraba Companies	25	440
3	Dedicated Takaful Operators/Windows	19	140
4	Islamic Mutual Funds	17	3,080
5	Islamic Pension Funds	10	120
6	Others (Privately placed Sukuk, REITs etc.)	-	1,000
	<b>Total</b>	<b>92</b>	<b>25,131</b>

# Islamic Finance Industry in Pakistan



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## Islamic Finance Assets





# Islamic Finance Industry in Pakistan

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<b>S.No.</b>	<b>Country</b>	<b>Islamic Finance Assets (US\$ Million)</b>
1	Saudi Arabia	446,664
2	Iran	434,420
3	Malaysia	414,343
4	United Arab Emirates	187,051
5	Qatar	100,538
6	Kuwait	100,361
7	Bahrain	81,069
8	Turkey	51,710
9	Indonesia	47,645
10	Bangladesh	26,192
11	Pakistan	22,164
12	Egypt	14,280
13	Sudan	11,110
14	Jordan	9,447
15	Switzerland	6,937

Source: ICD-Thomson Reuters Islamic Finance Development Report 2016

# Banking Sector of Pakistan



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- Public Sector Banks (5)
- Private Banks (21)
- Foreign Banks (4)
- Specialized Banks (4)
- Development Financial Institutions(8)
- Microfinance Banks (11)



# Banking Sector of Pakistan



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- Pakistan's financial sector assets have reached to US\$ 222 billion approximately.
- Banks dominate financial services sector in Pakistan with a share of around 75 percent.
- Banking sector assets have reached to US\$167 billion which is about 60 percent of the GDP of the country.
- Last three years average ROA (before tax) of banking sectors is 2.3 percent.
- Net NPLs to Net Loans ratio is 1.6 percent.

# Islamic Banking in Pakistan



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- Islamic banking was re-launched in 2001-02 in parallel to conventional banking.
- At present, 21 Islamic banking institutions (5 full-fledged Islamic banks and 16 conventional banks having standalone Islamic banking branches) are operating in the country with a network of 2,320 branches.
- Islamic banking assets and deposits stood around US\$ 19.4 billion and US\$16.4 billion respectively.

# Islamic Banking in Pakistan

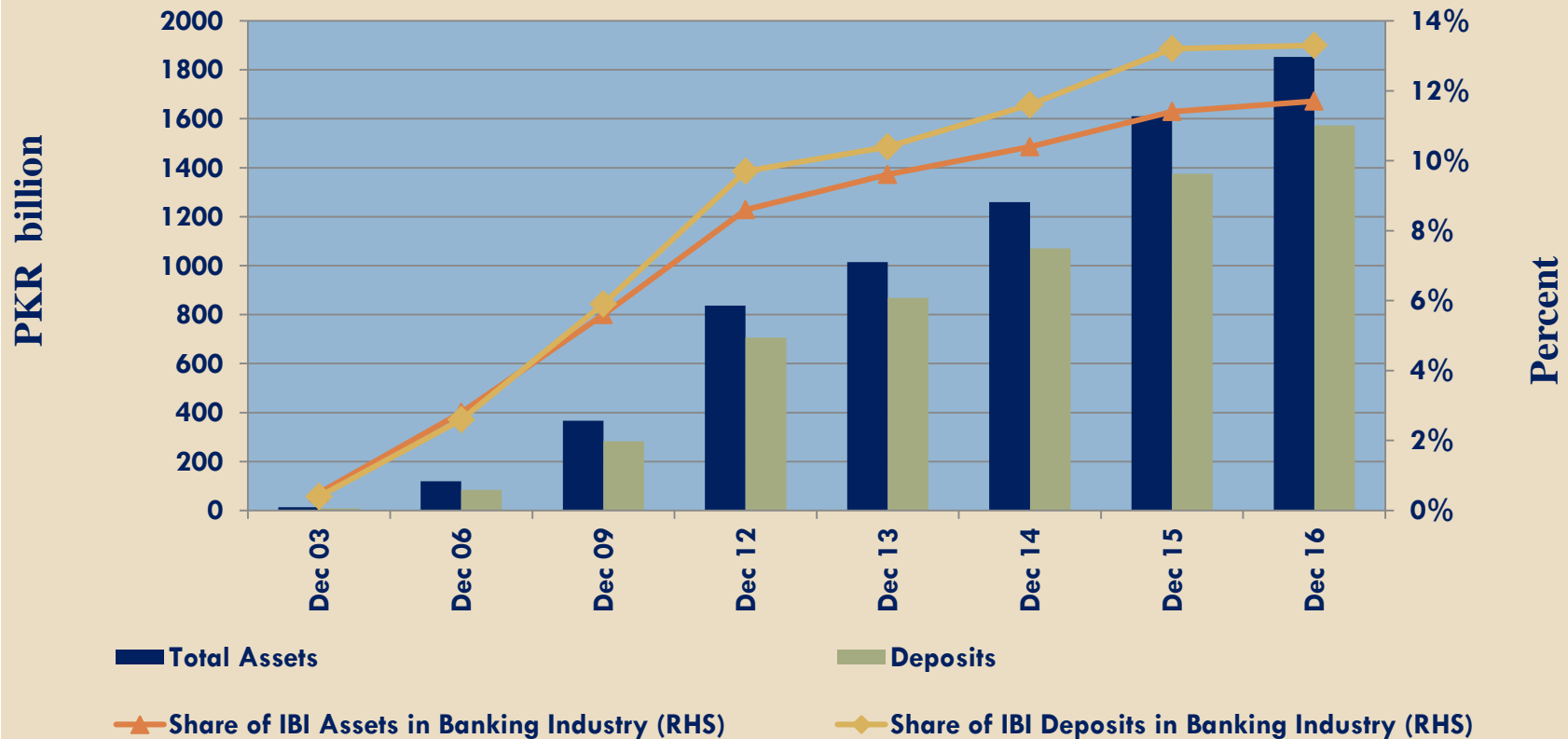


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- Islamic banking industry in Pakistan has acquired 11.6 percent share in assets and 13.7 percent share in deposits of overall banking industry (as of June 30, 2017).
- Financing to deposit ratio of Islamic banking industry stood at 57 percent.
- During the last five years (2012-16), Islamic banking industry has witnessed a compound annual growth rate of more than 20 percent in terms of assets and deposits.

# Islamic Banking in Pakistan

### Growth of Islamic Banking Industry (IBI)



# Collection and Dissemination of Islamic Financial Industry Statistics



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## Agencies/Institutions Responsible for Collecting, Compiling and Disseminating of Data

Sub-Sector	Collecting	Compiling/ Processing	Disseminating
Islamic Banking	SBP	SBP	SBP
Islamic Capital Market	SECP	SECP	SECP
Islamic Asset Management	SECP	SECP	SECP
Takaful	SECP	SECP	SECP
Islamic Non-Banking Financial Institutions	SECP	SECP	SECP

SBP: State Bank of Pakistan (Central Bank)

SECP: Securities and Exchange Commission of Pakistan



# Islamic Banking Statistics

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- **Financial Accounting and Reporting Framework**
  - ▣ Financial accounting reporting format for Islamic banking institutions
  - ▣ SBP has defined separate accounting standards for Murabaha & Ijarah financing
  - ▣ Accounting standard on Diminishing Musharaka financing is under review
  - ▣ SBP is in process of developing separate financial disclosure format for Islamic banking institutions

# Islamic Banking Statistics



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- Separate requirement for disclosure of Islamic financing assets in the financial statement for Islamic banking institutions
- Conventional banks having standalone Islamic banking branches are required to disclose complete detail of their Islamic banking business on separate format in financial statement



# Islamic Banking Statistics

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## □ Data Collection & Dissemination

- SBP is responsible for collection, compilation, dissemination and maintenance of statistics on Islamic banking
- Most of the data is collected electronically and processed using specifically designed software for the purpose
- SBP has developed Data Acquisition Portal (DAP) and Reporting Chart of Accounts (RCOA)



# Islamic Banking Statistics



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- Reporting Chart of Accounts consists of various data sets and variables with pre-defined format in excel file
- Islamic banking institutions upload data through Data Acquisition Portal
- Data of Islamic banking is disseminated through SBP website and also in the form of various publications



# Islamic Banking Statistics

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## List of Key Returns Submitted by Islamic Banking Institutions

S. No.	Particulars	Frequency	Medium
1	Reporting Chart of Accounts	Weekly	Online
2	Reporting Chart of Accounts	Quarterly	Online
3	Monthly Statements of Position	Monthly	Hard & Soft Copy
4	Information regarding Sukuk	Monthly	Hard Copy
5	Islamic Banking Window Information	Quarterly	Hard Copy



# Islamic Banking Statistics

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## □ Data Unit at Islamic Banking Department, SBP

Primary responsibilities of unit are:

- Compile and maintain database of Islamic banking industry
- Monitor the financial performance of Islamic banking institutions based on the data/reports submitted
- Create and maintain repository of domestic and international developments regarding Islamic finance industry



# Islamic Banking Statistics

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- ▣ Provide data to internal as well external stakeholders
- ▣ Ensure receipt of respective returns/statements within specified time
- ▣ Preparation of data/analysis for different reports and publications



# Islamic Banking Statistics

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## Key Publications on Islamic Banking

S. No.	Particulars	Frequency
1	Islamic Banking Bulletin	Quarterly
2	Financial Soundness Indicators and Quarterly Compendium of the Banking System (including Islamic banking)	Quarterly
3	Financial Stability Review (separate chapter on Islamic banking)	Annual
4	SBP Annual Performance Review (separate chapter on Islamic banking)	Annual
5	Handbook of Statistics on Pakistan Economy (Separate Islamic banking statistics)	Annual



# Some Key Challenges

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- Absence of centralized database for Islamic finance
- Fully automation of data submission of Islamic banking institutions
- Burden on reporting institutions
- Some issues in data reporting and financial reporting formats



Thank You