



**Technical Committee of Experts on
“Islamic Banking and Finance”**

**Third Session of OIC Statistical Commission
10 - 12 April 2013
Ankara - Turkey**

BACKGROUND

- Owing to the increasing importance of the role of statistics in all stages of human life, the Istanbul Declaration of “The Meeting of NSOs of OIC Member States” held in Istanbul in 2010 called for an Experts’ Group Meeting (EGM) on Islamic Statistics.
- The EGM, co-organized by SESRIC and DOS of Jordan in Amman on December 2010, as attended by experts from NSOs of Bahrain, Egypt, Jordan, Malaysia, Palestine, Saudi Arabia, Syria, Tunisia, UAE, Yemen and IDB.
- The EGM could be considered as a first step towards defining the scope of Islamic Statistics.

BACKGROUND (cont'd)

- The framework for Islamic Statistics was presented by DOS of Jordan during the First Session of OIC-StatCom held in Istanbul.
- As a way forward, OIC-StatCom set up a Working Group on Statistical Indicators Specific to OIC Member Countries in accordance with the Decision No.4 of the aforementioned session.
- The Working Group includes Azerbaijan, Bangladesh, Comoros, Egypt, Iran, Kazakhstan, Turkey, IDB and SESRIC. Jordan undertook the responsibility to direct the activities of the Working Group as the Lead Country.

BACKGROUND (cont'd)

- The Second Session of the OIC-StatCom, co-organised by SESRIC and IDB, profoundly considered the report and the presentation of the Working Group on **“Statistical Indicators Specific to OIC Countries”**.
- Depending on the comprehensive analysis of the report, the Commission took the extensive scope of the issue into consideration and decided to follow a theme-based priority approach to identify a roadmap for depicting the relevant indicators specific to OIC Countries.
- Three themes, namely “Islamic Banking and Finance Statistics”, “Halal Food and Products Industry Statistics” and “Waqf Statistics” are considered to be high priority. Accordingly, it was decided to establish TCEs on the aforementioned three themes in this order.

MEMBERS OF TCE

A world map is shown in the background, with several countries highlighted in green. These highlighted countries correspond to the list of Country Members provided in the text: Afghanistan, Azerbaijan, Bangladesh, Comoros, Egypt, Gambia, Iran, Jordan, Kazakhstan, Malaysia, Maldives, Mali, Palestine, Qatar, Sudan, Tajikistan, Togo, and Turkey.

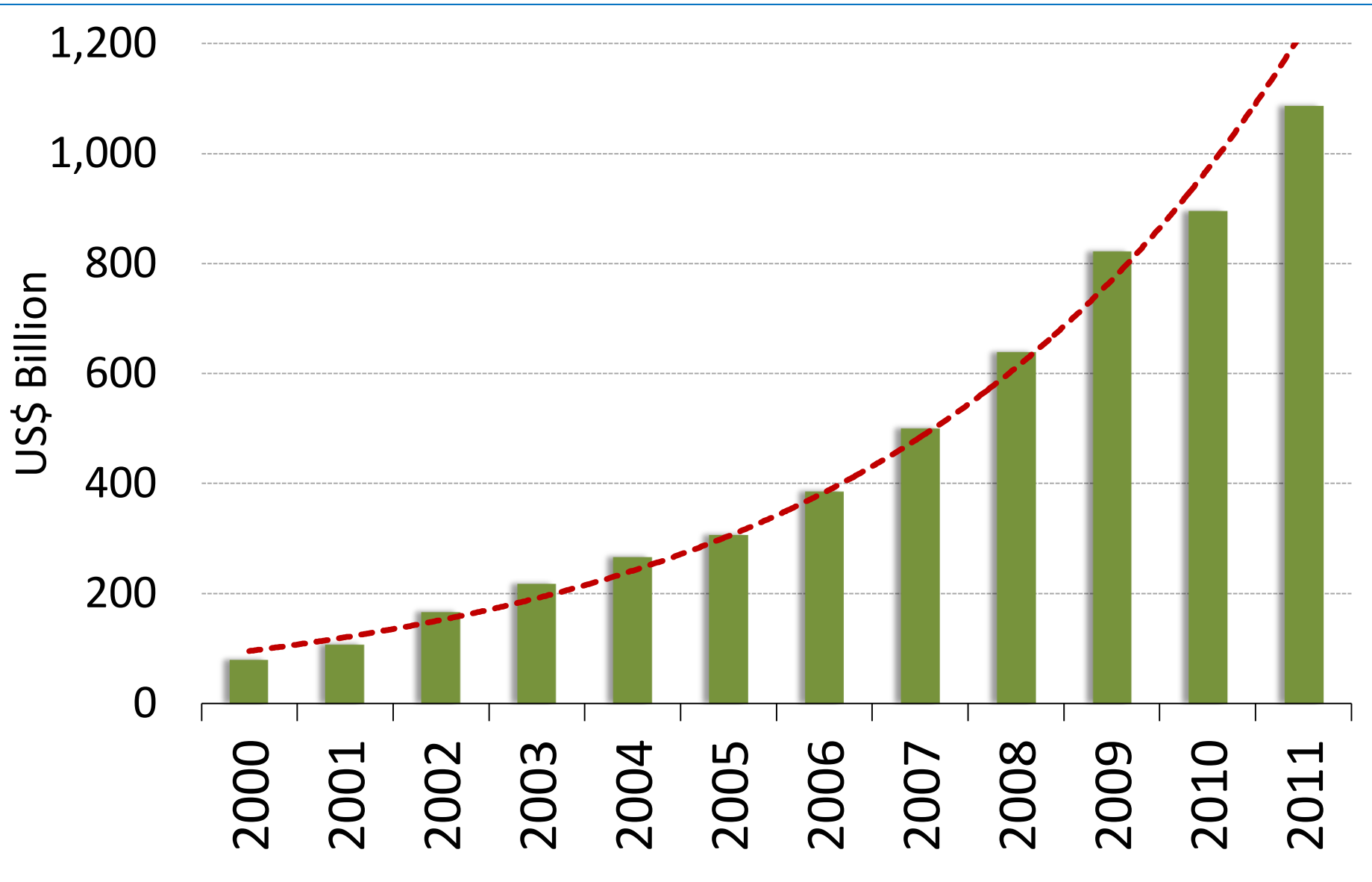
Country Members: Afghanistan, Azerbaijan, Bangladesh, Comoros, Egypt, Gambia, Iran, Jordan, Kazakhstan, Malaysia, Maldives, Mali, Palestine, Qatar, Sudan, Tajikistan, Togo and Turkey

Permanent Members: SESRIC and IDB

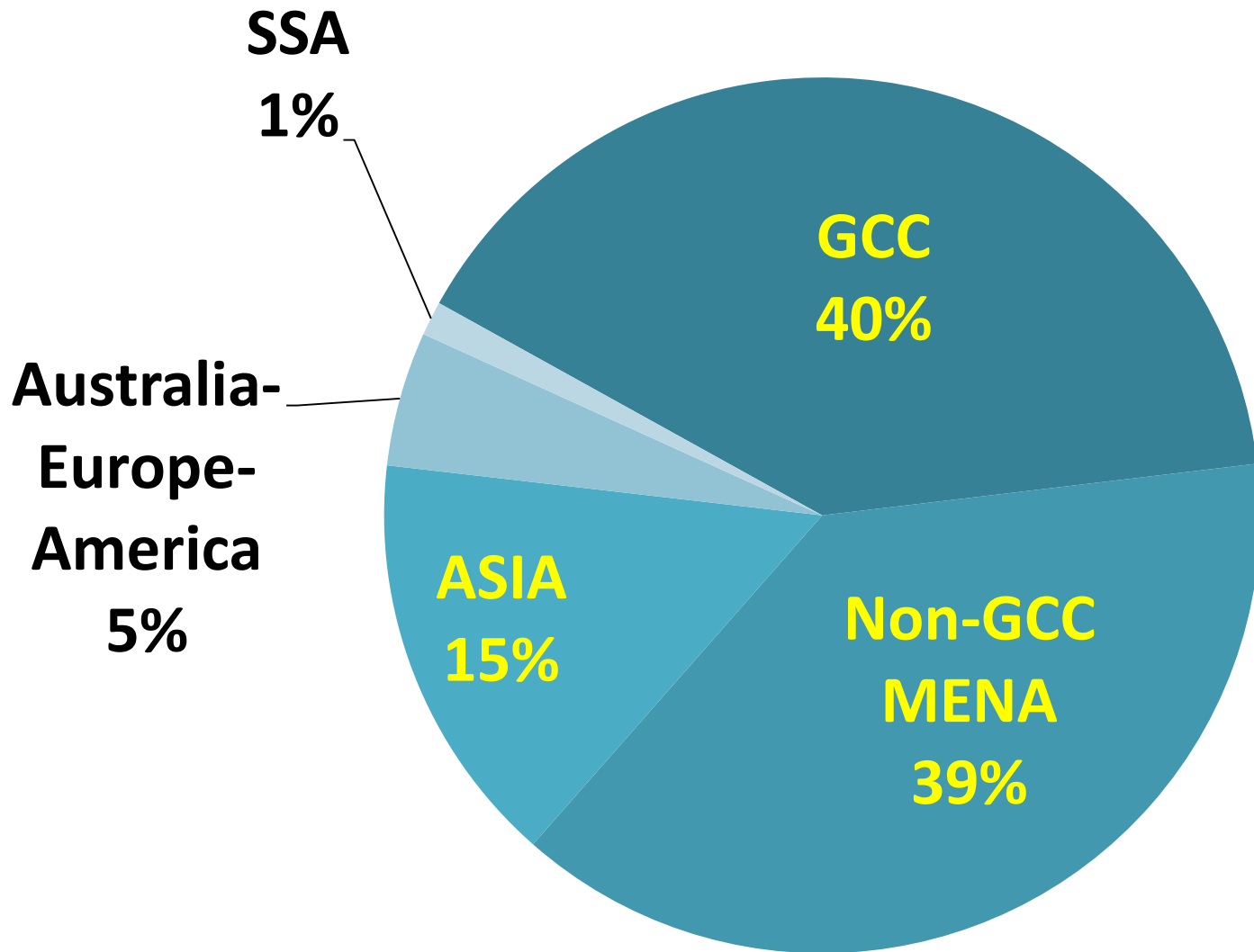
INTRODUCTION

- The global financial and economic crisis of 2008-09
- Search for a new architecture:
 - ➔ Need to restore the financial transactions to their basic function
 - ➔ Provide services that add value to the real economy
- Islamic finance is emerging as an alternative source of finance in addressing the major development challenges faced
- Although the share of Islamic finance in global financial assets is currently estimated only at around 1%, the importance of Islamic finance will continue to increase within the global financial system.

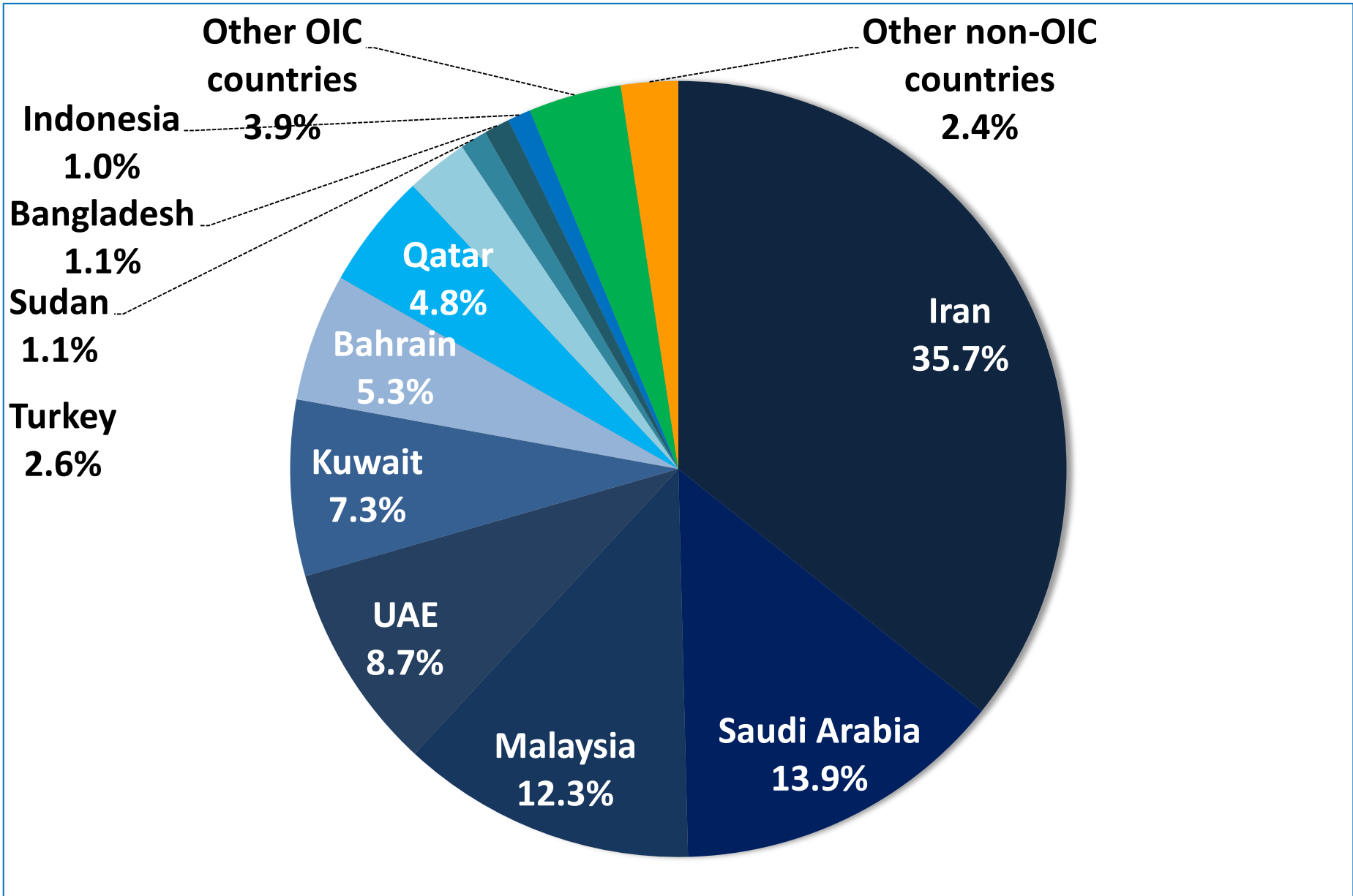
GLOBAL ASSETS of ISLAMIC FINANCE



REGIONAL DISTRIBUTION



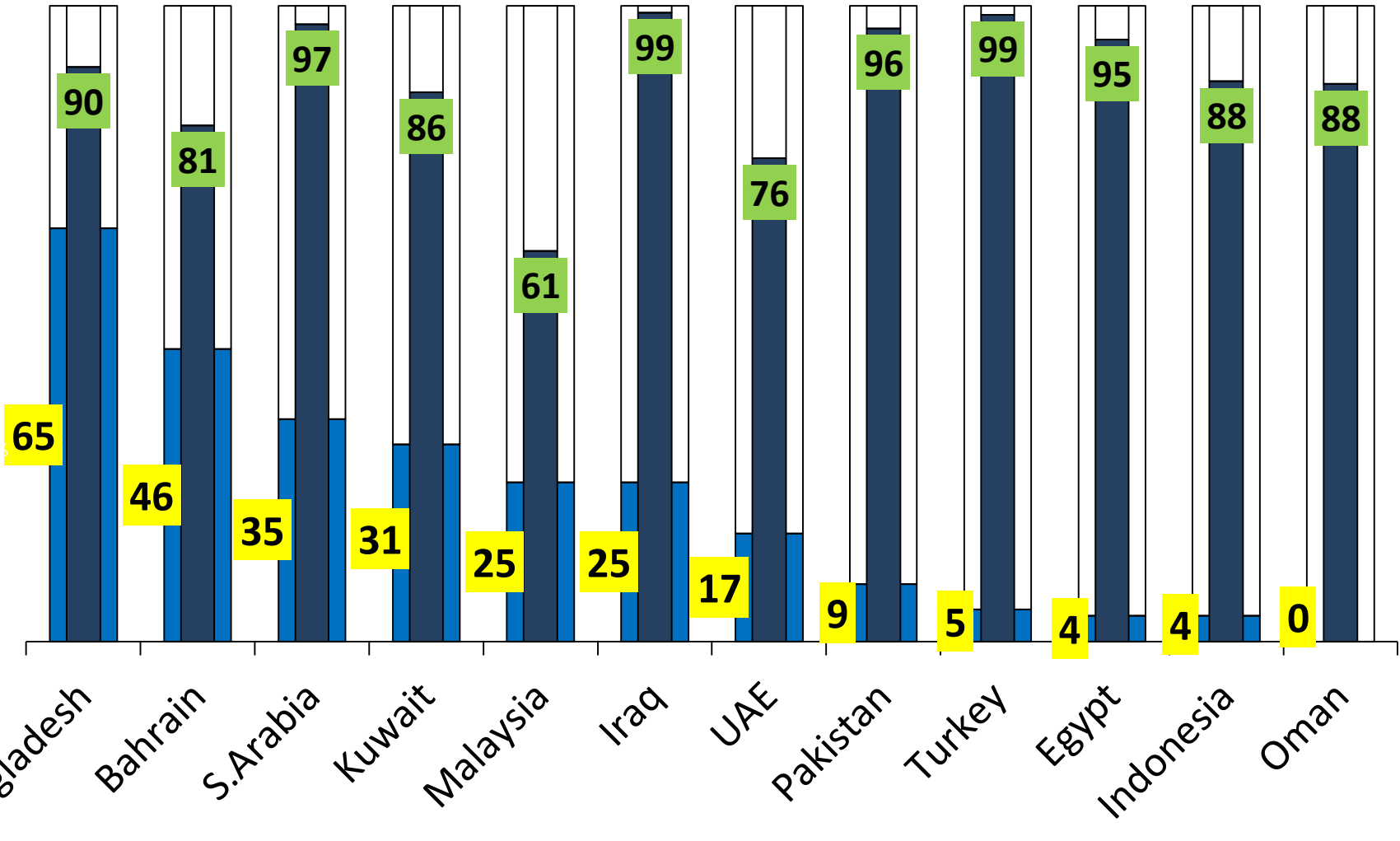
COUNTRY-LEVEL DECOMPOSITION



PENETRATION RATES

Series2

Series4



OBJECTIVE OF THE TCE

- Building a well-functioning Islamic finance infrastructure is imperative for providing the industry with a level playing field.
- Regulators and standard-setters in OIC countries should ensure that the supervisory and legal infrastructure for Islamic finance remain relevant to the rapidly changing Islamic financial landscape and global developments. Infrastructure development efforts should also interface with the global financial reform agenda.
- However, to produce adequate, sound and effective structural policies regarding infrastructure, the decision makers need data. Accordingly, first and foremost, the Islamic finance industry should be based on relevant statistics which are:
 - *reliable, accurate and timely
 - *comparable and consistent
 - *comprehensive and policy oriented
 - *interactive
 - *referenced

OBJECTIVE (cont'd)

- In order to fulfil these criteria, Islamic banking and finance statistics should be incorporated into NSS of OIC countries.
→ There exists an urgent need to initiate a general framework for Islamic banking and finance statistics that any member country can utilize if and when they need to produce this kind of statistics within official statistics.
- The responsibility for its production shall be borne together by the NSOs, Central Banks and other relevant agents of NSS of OIC member countries. Deployment of Islamic banking and finance statistics shall be on voluntary basis for countries to suit their priorities, resources, and needs.
- In this regard, the main objective of the TCE on Islamic Banking and Finance Statistics is *to improve the statistical base of Islamic Banking and Finance infrastructure*

OBJECTIVE (cont'd)

- develop conceptual and methodological background for the suggested indicators of the selected theme of Islamic banking and finance ;
- promote harmonisation of concepts, classifications and methodologies used in performing Islamic banking and finance statistics in OIC Member Countries;
- develop a quality assurance framework for the NSOs of OIC countries describing the tools and procedures put in place to ensure that the Islamic banking and finance statistics produced by the NSOs and other statistical agents of NSS of OIC countries are of high quality with a focus on statistical processes and outputs.

TASKS

- to examine the contemporary trends in the Islamic banking and finance industry and assess the current situation of Islamic banking and finance statistics in both OIC countries and the world
- to develop background documents for Islamic banking and finance statistics facilitating greater convergence and harmonization of concepts and definitions among OIC countries
- to prepare methodologies that any member country can utilize if and when they need to produce this kind of statistics
- to define categories under Islamic banking and finance statistics and to identify the priority set of indicators consistent with the international standards (reliability, comparability, consistency, etc.)

TASKS (cont'd)

- to promote the development of a database including Islamic banking and finance statistics of OIC countries
- to recommend actions to assist OIC countries in collecting and disseminating specific indicators
- to join potential cooperation and collaborations mechanisms which include training and education; undertaking the development of joint research, and publications; and conducting joint conferences, capacity building programs such as seminars and workshops among NSOs, Central Banks of OIC countries and other stakeholders regarding Islamic banking and finance statistics

TASKS (cont'd)

- to promote national and international efforts for increasing human capital and broaden the skills base of the Islamic banking and finance industry in terms of statistics;
- to point out all stakeholders to put more emphasis on quality than quantity of growth of industry through demonstrating the inherent potential of Islamic banking and finance for supporting the real sector activity and therefore sustainable development, etc.;
- to raise awareness on Islamic banking and finance statistics at both OIC and international level for developing the Islamic finance to become a mainstream financing alternative to the conventional interest-based system

CONCLUSIONS

- An important development during the last decade has been the growing significance of the Islamic finance and its increased role in the global financial system with OIC countries being the main suppliers of Islamic financial services.
 - The Islamic banking and finance industry serves a good purpose by mobilizing financial resources of many Muslims that would otherwise left hoarded outside the financial sector, thereby increasing the financial inclusion.
- Access to Islamic financial services can be treated as one of the fundamental rights of people having religious preferences!**

CONCLUSIONS (cont'd)

- Although certain Islamic products and practices have been lauded for their potential to advance socioeconomic development in OIC member countries, many still argue that the impact of Islamic finance on the development process has primarily been modest.
- Particularly the development of Islamic financial products has generally been limited to the re-engineering of the conventional products to meet Shariah requirements.
- All these factors have contributed to Islamic finance's missing the opportunity during the recent financial turmoil to promote itself as a sound alternative to the conventional system.

➔ To achieve authenticity is still a challenging task!

THE WAY FORWARD

Taking these into consideration, during the period 2013-2014, the TCE plans to:

- draw an executive work plan, prepare the necessary documentation;
- organize a meeting either physical or virtual to clarify the roadmap to be followed and discuss emerging issues in detail;
- conduct a comprehensive survey to depict the detailed situation of Islamic banking and finance statistics within the NSS of OIC countries;
- initiate the process of producing Islamic banking and finance statistics through the involvement of volunteer member countries
- prepare a general framework for developing the database of Islamic banking and finance statistics ;
- inform all member countries about the developments in the area of Islamic banking and finance statistics.

SESRIC



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