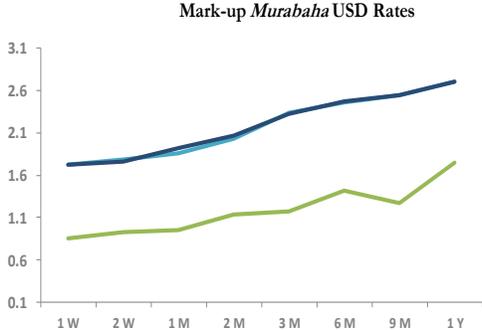
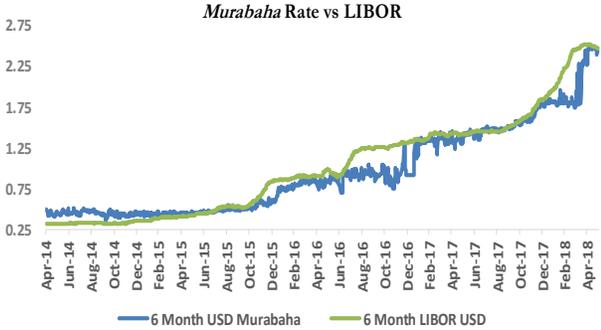
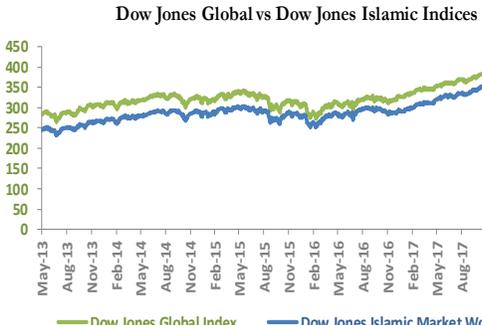
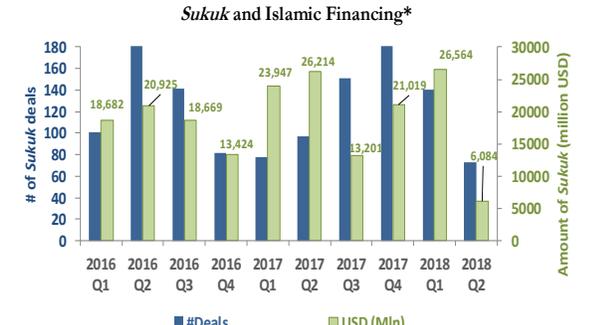


IMF to Add Islamic Finance to Market Surveillance in 2019	2		Value	MoM	QoQ	YoY
			6/4/18	5/4/18	3/4/18	6/4/17
		Equity				
With IMF Nod, Industry Body IFSB to Tighten Islamic Finance Guidance	2	Dow Jones Islamic Index	3752.33	▲3.06%	▲3.34%	▲13.02%
		Dow Jones Global Index	399.55	▲1.34%	▲0.95%	▲10.12%
		MSCI Islamic Index	1338.75	▲1.45%	▲3.46%	▲7.59%
		MSCI World Index	2109.19	▲0.95%	▲0.93%	▲8.99%
		MSCI Emerging Market Index	1130.22	▼-0.52%	▼-4.39%	▲11.34%
		Fixed Income				
Islamic Banking Industry Grew by 8.6% from 2016 to 2017	3	LIBOR 6 Month	2.4744	▼-0.046	▲0.246	▲1.046
		Murabaha USD 6 Month	2.4672	▲0.007	▲0.599	▲1.046
Uzbekistan Set to Develop Islamic Banking System	3	Dow Jones <i>Sukuk</i> Index	99.24	▲0.16%	▼-1.23%	▼-3.96%
IDB to Increase its Support to Turkey	4					
Turkish Participation Banks' Net Profit Up 52 Percent in Q1	4					
Islamic Economy Contributes 8% of Dubai's GDP	4					
Afghanistan Enlists Faith-based Banks to Aid Financial Inclusion	5					
Kazakhstan's Financial Hub Adds Islamic Arbitration Capabilities	5					
Global <i>Sukuk</i> Issuances Surge 44% to \$30bln in Q1	5					
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* Bloomberg

IMF to Add Islamic Finance to Market Surveillance in 2019

The International Monetary Fund will incorporate Islamic finance into its financial sector assessments of select countries starting next year, aiming to improve regulation in the growing sector.

The IMF has traditionally focused on conventional banking, but it has been increasingly engaging with regulators in countries where Islamic finance is now deemed to be systemically important.

Under a proposal by the IMF's executive board, guidance issued by the Malaysia-based Islamic Financial Services Board (IFSB) would be incorporated into IMF assessments to address the regulation and supervision of Islamic banks.

Islamic finance, which bans interest payments and pure monetary speculation, is estimated to have over \$2 trillion of assets globally and is offered in over 60 countries, according to the IMF.

Business practices, however, can vary across markets spanning the Middle East, Africa and Southeast Asia.

The IMF wants to encourage more consistency in applying Islamic finance rules, having previously warned over the complexity of some sharia-compliant products that could stifle growth and add to financial instability.

The industry is important for financial systems in more than a dozen countries, accounting for over 15 percent of total financial assets in countries such as Saudi Arabia, Kuwait, Qatar and Malaysia.

The IMF said it views the growth of Islamic finance as an opportunity to strengthen financial inclusion efforts, deepen financial markets and develop new funding sources.

Source: [Reuters](#)



Photo Credit: english.alarabiya.net

With IMF Nod, Industry Body IFSB to Tighten Islamic Finance Guidance

The Islamic Financial Services Board (IFSB) will expand its guidance for national regulators after the International Monetary Fund (IMF) adopted its standard for Islamic banking, hastening efforts to harmonize business practices.

Islamic finance is now of significant size to be considered systemically important in over a dozen countries, prompting closer scrutiny from policy makers on its potential impact on financial systems.

The IMF said it would incorporate a banking standard from the Malaysia-based IFSB into its financial sector surveillance of select countries starting from next year.

IFSB Secretary-General Bello Lawal Danbatta welcomed the move and said work would proceed on developing standards for regulation of Islamic capital market products and deposit insurance within this year.

“We are taking steps to further strengthen our implementation program by adding the dimension of consistency and impact assessment of the implemented standards,” he said.

Guidance on the regulation of Islamic insurers would be developed later, Danbatta added.

The IFSB has published drafts on proposed standards on the supervision of Islamic insurers and the regulation of Islamic capital market products such as Islamic bonds, or *sukuk*.

It is also revising a standard on disclosure for Islamic banks to help promote transparency and market discipline, which was first issued in 2007.

Source: [Reuters](#)



Photo Credit: investing.com

Islamic Banking Industry Grew by 8.6% from 2016 to 2017

The number of full-fledged Islamic banks and Islamic windows of conventional banks in 20 countries stood at 178 and 84 in Q3 2017 as compared to 176 and 83 in Q4 2016 respectively.



Photo Credit: zawya.com

The Islamic Financial Services Board (IFSB) has gathered and disseminated data on three new countries from 2016 to 2017, now totaling 95 per cent of Islamic financial data. As a result of these findings, the IFSB has found that the Islamic banking industry grew by 8.6 per cent from \$1,532 billion in Q4 of 2016 to \$1,662 billion in Q3 of 2017. This data was calculated from country-wise aggregated data converted into USD terms using end-period exchange rates over nine months).

The data also showed that financing by Islamic banks from the jurisdictions participating in the PSIFIs project which grew by 8.7 per cent reached \$1,018 billion in Q3 2017 from \$936 billion in Q4 2016.

The three countries whose data is includ-

ed for the first time are Palestine, Lebanon and Qatar, bringing the total list to include Afghanistan, Bahrain, Bangladesh, Brunei, Egypt, Indonesia, Iran, Jordan, Kuwait, Lebanon, Malaysia, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Sudan, Turkey, the United Arab Emirates and the United Kingdom.

After the completion of Islamic banking database with the representation of most significant markets in Islamic banking sector, the PSIFIs banking database is now extending its templates for detailed sector-level financial statements for each participating countries. The IFSB Secretariat is also finalizing a broad set of indicators for Islamic capital market and Takaful sectors by studying their relevance, significance, and availability of data in member jurisdictions, while enhancing the existing Compilation Guide to provide detailed guidance on the compilation methodologies and metadata collection of the finalised set of indicators, it said in a statement.

Source: Zawya

Uzbekistan Set to Develop Islamic Banking System

Uzbekistan is joining the rising number of Central Asian nations to develop a Shariah-compliant banking system given its large Muslim population and rising demand for financial services aligned to Islamic beliefs. This month, the Uzbek government issued a draft resolution to create infrastructure for Islamic banking and finance in the country, as posted on the official government website. The aim is to create alternative financing opportunities in the former Soviet republic, expand the range of banking and financial services and open the doors for Islamic investors from the Middle East and possibly South-east Asia.



Photo Credit: comtourist.com

To that end, the central bank has been tasked with developing a legal and regulatory framework not just for Islamic banking, but also for takaful and securities trading, as well as financing for small and

medium enterprises and halal microfinance. The government also wants to set up a Shariah-compliant development bank in co-operation with and support from Saudi Arabia-based Islamic Development Bank. Thus, the framework will include the launch of the Islamic Development Bank of Uzbekistan (IDBU), which will provide standard retail banking services, trade financing, property and commercial real estate financing, as well as leasing, takaful and securities services. It is also tasked with developing more complex financial products, such as structured finance, venture capital, investment funds and risk hedging. The IDBU will also be enabled to refinance commercial banks in order provide services through Islamic windows for retail and commercial clients. Eventually, the IDBU will also play a role as issuer of *sukuk*, whether public or corporate.

Source: [Gulf Times](http://GulfTimes)

IDB to Increase its Support to Turkey

The Islamic Development Bank (IDB) announced that Turkey has the potential to become a center of Islamic banking in the world.



IDB Deputy Chairman Zamir Iqbal said that Turkey has taken several initiatives in the field of Islamic banking making it an important player in this sector.

According to Turkish media reports, Iqbal said Turkey has a unique geographical location close to Europe, enjoys a strong banking sector, and seeks to develop in many international markets. He also praised the positive initiatives carried out by Turkey in the field of Islamic banking.

He added that Turkey is providing sup-

port to the World Bank in this area, especially after establishing the World Bank Global Center for Islamic Finance Development in Istanbul.

He pointed out that the IDB will increase its support to Turkey, in a move aimed at providing more funding after the funded projects reached a total of 483.

The Bank believes the Turkish economy is strong and has succeeded in resisting the difficult and surprising challenges. Growth in Turkey increased by 7.4 percent in 2017, ranking first in terms of growth among the G-20 countries.

Source: [Asharq Al-Awsat](#)

Turkish Participation Banks' Net Profit Up 52 Percent in Q1

Turkey's participation banks' net profit jumped 52.4 percent to reach 503 million Turkish liras (\$127 million) in the first quarter of 2018, compared with the same period last year.



Photo Credit: aa.com.tr

Five participation banks' total assets rose by 22.5 percent to reach 166.9 billion Turkish liras (\$42.12 billion) during the January-March period, on a yearly basis, according to data compiled by Anadolu Agency correspondent from Turkey's banking watchdog, and independent audit reports.

Their deposits also jumped by 28.2 percent to 110.5 billion Turkish liras (\$27.9 billion) year-on-year in the same period.

Loans issued by five participation banks rose

by 30.2 percent to reach 103.65 billion Turkish liras (\$26.15 billion) during the first three months of 2018, on a yearly basis.

Participation banks' regulatory capital to risk-weighted assets ratio -- a significant indicator to figure out minimum capital requirements of lenders -- was at 63.99 percent in March, up from 43.11 percent in March 2017.

Meanwhile, the Turkish banking sector -- including all type of lenders -- posted a 13.9-billion-Turkish lira (\$3.54 billion) net profit, up 5.1 percent year-on-year in the first quarter of 2018.

Source: [Gulf News](#)

Islamic Economy Contributes 8% of Dubai's GDP

The contribution of the Islamic economy to Dubai's gross domestic product (GDP) has seen a marked increase in recent years, and has resulted in many countries across the world looking to adopt the UAE's Islamic economy model, said Sultan bin Saeed Al Mansouri, UAE Minister of Economy and chairman of the Dubai Islamic Economy Development Centre (DIEDC).



Photo Credit: zawya.com

The Islamic economy generates 8.3 per cent of Dubai's GDP, according to the Dubai Statistics Centre. The contribution of the Islamic economy to Dubai's GDP increased from 7.6 per cent in 2014 to 8.3 per cent in 2016, regis-

tering a growth rate of 14 per cent. In 2016, Islamic economy sectors contributed Dh32.77 billion, compared to Dh32.21 billion in 2015 and Dh28.78 billion in 2014.

The increased contribution of the Islamic economy to the GDP is the outcome of the growth of key Shariah-compliant sectors and the impact of the Islamic economy culture on conventional sectors and greater awareness of the focus of Islamic economic standards on achieving sustainable development.

Source: [MENAFN](#)

Afghanistan Enlists Faith-based Banks to Aid Financial Inclusion



Photo Credit: ifikr.isra.my

Afghanistan hopes its first Islamic bank will attract more players to its fledgling banking sector and help improve access to financial services in the country, a central bank official said.

Da Afghanistan Bank, the country's central bank, granted its first Islamic license last month and is working on additional regulations to support banking that complies with principles.

The Islamic Bank of Afghanistan (IBA), previously known as Bakhtar Bank, is now developing wealth management products and new digital banking services.

Financial inclusion is a challenge in developing economies and can be due to many

factors, such as religion in Afghanistan, said Abdullah Ludeen, head of the Islamic banking division at Da Afghanistan Bank. World Bank data shows that only 15 percent of adults in Afghanistan have a bank account, while 16 percent cite religious reasons for not having one.

Several local lenders have also inquired about converting their operations into fully-fledged Islamic banks, he added.

There are currently six banks that offer sharia compliant products through so-called Islamic windows and their conversion would require setting up an internal sharia board and having a clean bill of health.

Source: [Reuters](#)

Kazakhstan's Financial Hub Adds Islamic Arbitration Capabilities



Photo Credit: ocamagazine.com

The Astana-based International Arbitration Centre (IAC) is adding specialists in Islamic law to its dispute resolution services, as Kazakhstan's financial hub looks to Islamic finance to attract new business.

Launched in January, the IAC provides mediation and arbitration services as an alternative to traditional court litigation. Islamic finance has seen a growing number of court cases in recent years.

The IAC is an independent body launched to complement the Astana International Financial Center (AIFC), an economic

zone aimed at developing the former Soviet republic's financial sector.

The IAC has now appointed London-based lawyer and Islamic scholar Bilal Khan to its panel of arbitrators, allowing the IAC to handle disputes around sharia-compliant transactions such as Islamic bonds and insurance products.

Separately, the AIFC plans to set up a central sharia board to help oversee its Islamic finance efforts, while the finance ministry is preparing an issuance of Islamic bonds.

Source: [Reuters](#)

Global Sukuk Issuances Surge 44% to \$30bln in Q1

A total of \$12 billion worth of *sukuk* was issued in March 2018, which brought global *sukuk* issuance to \$30 billion in the first quarter of 2018 - a 44.4 per cent surge from \$20.8 billion for the same period last year, according to RAM Ratings' latest statistics.

The upswing was attributable to a boost from Saudi Arabia, whose issuances charted the highest growth, jumping to \$6.5 billion as at end-March 2018 as compared to \$184.8 million at the end of March 2017.

Malaysia accounted for the second-largest year-on-year increase, with issuances rising from \$9.6 billion to \$11.5 billion. This

was followed by Indonesia (\$5.5 billion), the UAE (\$3.3 billion) and Turkey (\$1.4 billion), the ratings agency said in a note.

RAM Ratings observed that dollar *sukuk* issuance boosted the global *sukuk* market in Q1 2018, climbing 47.6 per cent year on year to \$10.4 billion and accounting for 34.5 per cent of global *sukuk* issuance as at end-March 2018 as compared to \$7 billion as of end-March 2017. The bulk of dollar *sukuk* stemmed from the UAE (31.3 per cent) and Indonesia (28.9 per cent), followed by Malaysia (22.4 per cent), Saudi Arabia (16.9 per cent) and Qatar (0.5 per cent).

Source: [Salaam Gateway](#)

الرمز	الاسم	القيمة	التاريخ	البلد	النوع	الدرجة
1.95	0.00	0.00	0	1.33	0.00	
1.81	60,000	1.80	1.81	48,750	1.81	0.00
2.83	50,000	2.80	0.00	0	2.83	0.00
0.93	24,000	0.93	0.94	1,200,000	0.93	0.00
0.80	500,000	0.80	0.80	377,777	0.80	0.00
0.92	100,000	0.92	0.94	568,891	0.92	0.00
3.10	0	0.00	0.00	0	3.10	0.00
1.59	76,250	1.57	1.62	20,000	1.59	0.00
3.10	0	0.00	3.00	10,000	3.10	0.00
0.00	0	0.00	0.00	0	0.00	0.00

Photo Credit: arabianbusiness.com

New Publications

Islamic Finance Beyond the OIC - Developing New Hubs	<u>Download Publication</u>
Islamic Finance in Kuwait: Broadening Horizons	<u>Download Publication</u>
Participation Banks 2017 (TURKISH PUBLICATION)	<u>Download Publication</u>

Upcoming Events (June—Aug 2018)

Sarajevo Islamic Finance and Economics Conference	Sarajevo, Bosnia and Herzegovina	22 June 2018	<u>Event Details</u>
World Islamic Economic Forum	Astana, Kazakhstan	4 July 2018	<u>Event Details</u>
Islamic Business Management Conference	Kuala Lumpur, Malaysia	4-5 July 2018	<u>Event Details</u>
12th International Takaful Summit London	London, United Kingdom	10-11 July 2018	<u>Event Details</u>
3rd International Conference on Islamic Economics and Financial Inclusion (ICIEFI)	Special Region of Yogyakarta, Indonesia	11-12 July 2018	<u>Event Details</u>
International Islamic Entrepreneurship and Business Conference 2018	Malacca, Malaysia	4 Aug 2018	<u>Event Details</u>

Description of Data:

Dow Jones Sukuk Index: The Dow Jones Sukuk Index is designed to measure the performance of global Islamic fixed-income securities—also known as sukuk. The index includes U.S. dollar-denominated investment-grade sukuk issued in the global market that have been screened for Shari'ah compliance according to the index methodology. The index was created as a benchmark for investors seeking exposure to Shari'ah-compliant fixed-income investments. The Dow Jones Sukuk Index follows the same consistent, quantitative methodology as the Dow Jones Islamic Market™ (DJIM) Indices, which are monitored to ensure their continued adherence to Shari'ah principles.

Bloomberg USD Emerging Market Composite Bond Index: The Bloomberg USD Emerging Market Composite Bond Index is a rules-based, market-value weighted index engineered to measure USD fixed-rate securities issued in emerging markets as identified by Bloomberg. Emerging market issuers can be found at function EMWH. The major components of the index are the Bloomberg USD Emerging Sovereign Bond Index, Bloomberg USD Emerging Market Corporate Bond Index, Bloomberg USD Investment Grade Emerging Market Bond Index and Bloomberg USD High Yield Emerging Market Bond Index. To be included in the index a security must have a minimum par amount of 100MM.

LIBOR USD 6 Month: London - Interbank Offered Rate - ICE Benchmark Administration Fixing for US Dollar. The fixing is conducted each day at 11am & released at 11.45am (London time). The rate is an average derived from the quotations provided by the banks determined by the ICE Benchmark Administration. The top and bottom quartile is eliminated and an average of the remaining quotations calculated to arrive at fixing. The fixing is rounded up to 5 decimal places where the sixth digit is five or more.

Dow Jones Islamic Market World Index: The Dow Jones Islamic Market World Index is a global index of companies that meet Islamic investment guidelines. The index is quoted in USD.

Dow Jones Global Index: The index measures the performance of stocks that trade globally, targeting 95% coverage of markets open to foreign investment. It is float market cap weighted. It is quoted in USD.

MSCI World Islamic Index: The MSCI World Islamic Index is a free-float weighted equity index. It was developed with a base value of 1000 as of May 31 2007.

MSCI World Index: The MSCI World Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1969. MXWO includes developed world markets, and does not include emerging markets.

MSCI Emerging Markets Index: The MSCI Em (Emerging Markets) Index is a free-float weighted equity index.

Bloomberg Takaful Index: Bloomberg Takaful Index is a capitalization-weighted index of all globally listed Takaful-recognised companies. Takaful is an Islamic term meaning mutual support, which is the basis of the concept of insurance or solidarity among Muslims. This is a form of insurance based on mutual assistance. The index was developed with a base level of 100 as of April 15, 2009

Murabaha Deposit Rates: Murabaha Deposit An agreement that refers to the sale and purchase transaction for the financing of an asset or project whereby the costs and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase, which can be done in cash or in installments, will be specified in the agreement. Use all prices available in the terminal and updated within the last three working days. Banks that do not price for more than 3 days are excluded from the daily calculation. Islamic Market Reference Rate is calculated by Bloomberg using contributed rates from several local and international banks. Reference rates are calculated by taking the average bid & ask of the contributing banks, after eliminating the 4 highest and 4 lowest values.

Glossary Of Key Terms

<i>Ijara</i>	This is a lease contract wherein the Bank (lessor) leases the property to the customer (lessee) in return for a rental payment for a specified financing period. The Bank promises to transfer the title of the property to the customer at the end of the
<i>Mudaraba</i>	Trustee finance contract: One party contributes capital while the other contributes effort or expertise; profits shared according to a predetermined ratio; investor not guaranteed a return and bears any financial loss; no fixed annual payment; financier has no control on how venture is managed.
<i>Murabaha</i>	Sale with agreed mark-up: Financing purchase of assets for a profit margin; asset purchased on behalf of client and resold at a pre-determined price; payment could be lump sum or in installments; ownership of asset remains with bank till full payments made
<i>Musharaka</i>	Partnership; equity participation contract: Both parties contribute capital; profits shared by a pre-determined ratio, not necessarily in relation to contributions; losses shared in proportion to capital contributions; both parties share and control how investment is managed; each partner liable for the actions of the other
<i>Shari'ah Board</i>	An independent body set up by an Islamic bank with the mandate of ensuring that the Islamic bank achieves and maintains the mandate of <i>Shari'ah</i> compliance.
<i>Sukuk</i>	An Islamic financial certificate, similar to a bond in Western finance, that complies with <i>Shari'ah</i> , Islamic religious law. Because the traditional Western interest paying bond structure is not permissible, the issuer of a <i>sukuk</i> sells an investor group the certificate, who then rents it back to the issuer for a predetermined rental fee. The issuer also makes a contractual promise to buy back the bonds at a future date at par value.
<i>Salam</i>	<i>Salam</i> is a sale whereby the seller undertakes to supply some specific goods to the buyer at a future date in exchange of an advanced price fully paid at spot. The contract of <i>Salam</i> creates a moral obligation on the <i>Salam</i> seller to deliver the goods. The <i>Salam</i> contract cannot be cancelled once signed.
<i>Takaful</i>	The term ' <i>takaful</i> ' is derived from an Arabic word which means solidarity, whereby a group of participants agree among themselves to support one another jointly against a defined loss. In a <i>takaful</i> arrangement, the participants contribute a sum of money as wholly or partially <i>tabarru'</i> (donation) into a common fund, which will be used for mutual assistance for the members against a defined loss or damage, according to the terms and conditions of the <i>takaful</i> .
<i>Istisna'</i>	<i>Istisna'</i> is the kind of sale where a commodity is transacted before it comes into existence. It means to order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer undertakes to manufacture the goods for him with material from the manufacturer, the transaction of <i>istisna'</i> comes into existence. But it is necessary for the validity of <i>istisna'</i> that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.
<i>Wakala</i>	<i>Wakala</i> is the agency contract which is used widely in Islamic Finance. The applications ranging from brokerages services in permissible activities, like certain stocks, as well as to be the agent in a <i>Murabaha</i> transaction. The client, who wants to be financed, acts as agent of the bank to acquire the asset, then sold to him on credit installments. Agents can be compensated for their assignment with a fixed, variable or performance model, which is frequently used to influence pay outs and cash flows in financial engineering.

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