Islamic Banking Bulletin

June 2018

Islamic Banking Department
State Bank of Pakistan

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Islamic Banking Industry - Progress & Market Share

Overview

Total assets of Islamic banking industry grew by Rs. 148 billion during the quarter April to June, 2018 and were recorded at Rs. 2,482 billion by end June, 2018. Similarly, deposits of Islamic banking industry also witnessed growth of Rs. 117 billion during the period under review and reached to Rs. 2,033 billion by end June, 2018. Market share of Islamic banking assets and deposits in the overall banking industry was recorded at 12.9 percent and 14.8 percent, respectively by end June, 2018 **(see Table 1)**. On profitability side, Islamic banking industry recorded profit before tax of Rs. 15 billion by end June, 2018 compared to Rs. 12 billion in the same quarter last year.

Table 1: Industry Progress and Market Share

Particulars	Industry Progress			YoY Growth (%)	Share in Overall Banking Industry (%)		
	Jun-17	Mar-18	Jun-18	Jun-18	Jun-17	Mar-18	Jun-18
Total Assets (Rupees in billion)	2,035	2,334	2,482	21.9	11.6	13.5	12.9
Deposits (Rupees in billion)	1,720	1,916	2,033	18.2	13.7	14.6	14.8
Number of Islamic banking institutions	21	21	21	-	–	–	-
Number of Islamic banking branches*	2,320	2,589	2,685	15.7	–	–	-

Source: Data submitted by banks under quarterly Reporting Chart of Account (RCOA)

*Including sub-branches

Branch Network of Islamic Banking Industry

The network of Islamic banking industry consisted of 21 Islamic banking institutions; 5 full-fledged Islamic banks and 16 conventional banks having standalone Islamic banking branches by end June, 2018. During the period under review, branch network of Islamic banking industry increased by 96 branches. This addition was mainly due to demerger of 90 branches of MCB Bank Limited and their merger into MCB Islamic Bank Limited. Branch network of Islamic banking industry was recorded at 2,685 (spread across 111 districts) by end June, 2018. The number of Islamic banking windows operated by conventional banks having standalone Islamic banking branches stood at 1,284 (see **Annexure I** for details).

Table 2: Region Wise Branches

Province/Region	Total Number	Share (%)
Punjab	1,278	47.6
Sindh	795	29.6
Khyber Pakhtunkhwa	300	11.2
Baluchistan	108	4.0
Federal Capital	141	5.3
AJK	42	1.6
Gilgit Baltistan	12	0.4
FATA	9	0.3
Total	**2,685**	**100.0**

Asset and Liability Structure

Assets: Asset base of Islamic banking industry registered a quarterly growth of 6.3 percent (Rs. 148 billion) during the quarter April to June, 2018 and were recorded at Rs. 2,482 billion, compared to Rs. 2,334 billion in the previous quarter. This growth in assets was contributed by net financing and investments that recorded a quarterly growth of 3.1 percent (Rs. 39 billion) and 4.8 percent (Rs. 26 billion), respectively during the period under review. Market share of Islamic banking industry's assets in overall banking industry's assets was recorded at 12.9 percent by end June, 2018. The share of net financing and investments in total assets (net) of Islamic banking industry stood at 53.3 percent and 22.4 percent, respectively by end June, 2018 (see section below on **Investments** and **Financing** for details).

Bifurcation of assets among full-fledged Islamic banks and Islamic banking branches of conventional banks reveals that assets of full-fledged Islamic banks witnessed a quarterly growth of 6.9 percent (Rs. 93 billion) during the period under review to reach Rs. 1,452 billion. Assets of Islamic banking branches of conventional banks grew by 5.6 percent (Rs. 55 billion) and their assets base reached to Rs. 1,030 billion by end June, 2018. The share of full-fledged Islamic banks and Islamic banking branches of conventional banks in overall assets of Islamic banking industry stood at 58.5 percent and 41.5 percent, respectively by end June, 2018.

Investments

Investments (net) of Islamic banking industry reflected an increase of 4.8 percent (Rs. 26 billion) during the period under review and were recorded at Rs. 555 billion by end June, 2018 compared to Rs. 529 billion in the previous quarter. Breakup of investments (net) among full-fledged Islamic banks and Islamic banking branches of conventional banks shows that investments (net) of full-fledged Islamic banks grew by Rs. 9 billion during the period under review and were recorded at Rs. 244 billion by end June, 2018. Similarly, investments (net) of Islamic banking branches of conventional banks witnessed growth of Rs. 17 billion and stood at Rs. 311 billion by end June, 2018.

Financing and Related Assets

Financing and related assets (net) of Islamic banking industry witnessed a quarterly growth of 3.1 percent (Rs. 39 billion) during the period under review and were recorded at Rs. 1,323 billion by end June, 2018. Breakup of financing and related assets (net) among full-fledged Islamic banks and Islamic banking branches of conventional banks shows that financing and related assets (net) of Islamic banking branches of conventional banks increased by 7 percent (Rs. 35 billion) during the period under review and were recorded at Rs. 541 billion by end June, 2018. In contrast, financing and related assets (net) of full-fledged Islamic banks recorded a growth of 0.5 percent (Rs. 4 billion) and stood at Rs. 782 billion by end June, 2018. In terms of financing mix, Diminishing Musharaka was the leading mode of financing followed by Musharaka and Murabaha (see **Table 3**).

Table 3: Financing Mix (% Share)

	Jun-17	Mar-18	Jun-18
Murabaha	17.0	13.1	13.4
Ijarah	6.8	6.4	6.6
Musharaka	17.9	21.2	20.0
Diminishing Musharaka	29.6	32.4	33.7
Salam	5.2	2.5	2.8
Istisna	7.2	7.7	6.4
Others	16.3	16.7	17.1
Total	**100.0**	**100.0**	**100.0**

In term of sector wise financing, production & transmission of energy and textile sectors remained two leading sectors and their share in overall financing of Islamic banking industry was recorded at 17.1 percent and 11.5 percent, respectively by end June, 2018 (see **Table 4**).

Table 4: Financing Concentration (% Share)				
	Jun-17	**Mar-18**	**Jun-18**	**Industry**
Chemical and Pharmaceuticals	5.4	4.1	4.0	3.4
Agribusiness	8.5	7.6	5.7	8.4
Textile	11.8	12.2	11.5	12.5
Cement	1.7	2.5	3.2	1.8
Sugar	4.1	4.3	4.6	3.9
Shoes and leather garments	0.4	0.5	0.5	0.4
Automobile and transportation equipment	0.9	1.0	0.8	1.5
Financial	1.1	0.7	0.9	2.4
Electronics and electrical appliances	1.2	1.4	1.1	1.3
Production and transmission of energy	14.2	18.5	17.1	15.9
Individuals	11.7	11.2	11.8	9.0
Others	39.0	36.0	38.7	39.5
Total	**100.0**	**100.0**	**100.0**	**100.0**

Client wise financing shows that corporate sector accounted for 74.5 percent share in overall financing of Islamic banking industry, followed by consumer financing with a share of 10.5 percent by end June, 2018. The share of small and medium enterprises (SMEs) financing and agriculture financing in overall financing of Islamic banking industry remained low (see **Table 5**).

Table 5: Client Wise Financing Portfolio (% Share)				
	Jun-17	**Mar-18**	**Jun-18**	**Industry**
Corporate Sector	71.1	72.3	74.5	69.5
SMEs	3.2	2.9	3.1	5.6
Agriculture	0.4	0.3	0.4	4.3
Consumer Financing	10.5	10.1	10.5	6.6
Commodity Financing	11.6	13.3	10.3	12.4
Others	3.2	1.1	1.3	1.6
Total	**100.0**	**100.0**	**100.0**	**100.0**

Asset Quality

Asset quality indicators of Islamic banking industry including non-performing finances (NPFs) to financing (gross) and net NPFs to net-financing were recorded at 2.7 percent and 0.4 percent, respectively by end June, 2018. It is pertinent to mention here that both these ratios were better than those of overall banking industry's averages (see **Table 6**).

Table 6: Assets Quality Ratios (%)				
	Jun-17	**Mar-18**	**Jun-18**	**Industry**
NPFs to Financing (gross)	3.7	2.8	2.7	7.9
Net NPFs to Net Financing	0.8	0.5	0.4	1.1
Provision to NPFs	79.6	82.7	84.4	87.1

Liabilities

Deposits of Islamic banking industry showed a quarterly growth of 6.1 percent (Rs. 117 billion) during the period under review and were recorded at Rs. 2,033 billion by end June, 2018 compared to Rs. 1,916 billion in the previous quarter. Market share of Islamic banking industry's deposits in overall banking industry's deposits increased to 14.8 percent by end June, 2018 compared to 14.6 percent in the previous quarter. The category wise breakup of deposits reveals that current (non-remunerative) and saving deposits increased by 6.5 percent (Rs. 43 billion) and 6.4 percent (Rs. 49 billion), respectively; while, fixed deposits recorded an increase of 3.8 percent (Rs. 14 billion) during the period under review (see **Table 7**).

Table 7: Break up of Deposits					
			Rupees in billion	% Growth	
	Jun-17	Mar-18	Jun-18	YoY	QoQ
Customers					
Fixed Deposits	330	364	378	14.5	3.8
Saving Deposits	683	763	812	18.9	6.4
Current accounts – Remunerative	9	9	9	-	-
Current accounts - Non-remunerative	581	658	701	20.7	6.5
Others	14	15	24	71.4	60.0
Sub-total	**1,617**	**1,809**	**1,924**	**19.0**	**6.4**
Financial Institutions					
Remunerative Deposits	102	106	107	4.9	0.9
Non-remunerative Deposits	1	1	2	100.0	100.0
Sub-total	**103**	**107**	**109**	**5.8**	**1.9**
Total	**1,720**	**1,916**	**2,033**	**18.2**	**6.1**

Breakup of deposits among full-fledged Islamic banks and Islamic banking branches of conventional banks reveals that deposits of full-fledged Islamic banks grew by 6.7 percent (Rs. 76 billion) during the period under review and were recorded at Rs. 1,214 billion by end June, 2018. Similarly, deposits of Islamic banking branches of conventional banks recorded an increase of 5.3 percent (Rs. 41 billion) and reached to Rs. 819 billion by end June, 2018. The share of full-fledged Islamic banks and Islamic banking branches of conventional banks in overall deposits of Islamic banking industry stood at 59.7 percent and 40.3 percent, respectively by end June, 2018.

Liquidity

Liquid assets to total assets and liquid assets to total deposits ratios were registered at 24.6 percent and 30 percent, respectively by end June, 2018. Financing to deposits ratio (net) of Islamic banking industry was recorded at 65 percent by end June, 2018 (see **Table 8**).

Table 8: Liquidity Ratios (%)				
	Jun-17	Mar-18	Jun-18	Industry
Liquid Asset to Total Assets	30.2	24.2	24.6	51.1
Liquid Assets to Total Deposits	35.7	29.5	30.0	71.3
Financing to Deposits (net)	56.8	66.9	65.0	53.1

Capital

Capital base of Islamic banking industry increased to Rs. 156 billion by end June, 2018 compared to Rs. 146 billion in the previous quarter. Capital to total assets and capital minus net non-performing

Table 9: Capital Ratios (%)				
	Jun-17	Mar-18	Jun-18	Industry
Capital to Total Assets	6.6	6.2	6.3	7.1
(Capital-Net NPAs) to Total Assets	6.1	6.1	6.1	6.8

assets to total assets ratios of Islamic banking industry were recorded at 6.3 percent and 6.1 percent, respectively (see **Table 9**).

Profitability

Profit before tax of Islamic banking industry stood at Rs. 15 billion by end June, 2018 compared to Rs. 12 billion in the same quarter last year. Profitability ratios like return on assets and return on equity (before tax) were recorded at 1.3 percent and 20.9 percent, respectively by end June, 2018. During the period under review, operating expense to gross income ratio declined by 3 percent and stood at 64.5 percent by end June, 2018 (see **Table 10**).

Table 10: Profitability & Earning Ratios (%)

	Jun-17	Mar-18	Jun-18	Industry
Profit Before Tax (Rupees in billion)	12	7	15	129
Return on Assets (before tax)	1.3	1.1	1.3	1.4
Return on Equity (before tax)	19.1	18.4	20.9	18.5
Operating Expense to Gross Income	68.2	67.5	64.5	59.5

Country Model: Singapore

Singapore benefits from being strategically located at the heart of Asia and has long been considered the gateway to Southeast Asia, home to a substantial Muslim population. Its strength as an international financial centre is often said to be anchored by prudential regulations, consistent regulators and an efficient government, coupled with an excellent business infrastructure, economic freedom and a deep talent pool. Singapore's economy depends heavily on exports, particularly of electronics, petroleum products, chemicals, medical and optical devices, pharmaceuticals, and on Singapore's vibrant transportation, business, and financial services sectors.

Islamic Banking & Finance

Since 1998, Islamic financial services have been available through Islamic windows of certain banks in Singapore. In fact, Singapore can be considered to be one of the pioneers of Islamic finance, with the launch of the Mendaki Growth Fund (Amanah Saham Mendaki) in Singapore in May, 1991, as one of the first few Islamic equity funds in the world. In 2005, Monetary Authority of Singapore (MAS) refined its regulations to facilitate the growth of Islamic finance. Since 2005, with the conscientious steps taken by the MAS to develop Singapore's Islamic finance capabilities and infrastructure, Islamic financial activity in Singapore has continued to grow and industry players worldwide have expressed confidence in Singapore having what it takes to develop into a hub for Islamic finance.

To contribute to the development of Islamic finance, MAS joined the Islamic Financial Services Board (IFSB) and has participated actively in its various working groups and task forces in areas like supervisory review, Islamic money markets, capital adequacy, liquidity management. Singapore had one full-fledged Islamic bank: Islamic Bank of Asia (IB Asia). Shariah banking assets in Singapore have been growing significantly since 2010 and the number of banks involved in Islamic banking has grown to fifteen. Other prominent Islamic banking service providers include Maybank, CIMB and Standard Chartered.

Regulatory Environment

Islamic financial institutions in Singapore are subject to the same legislation under the country's Banking Act as conventional institutions, with capital adequacies and requirements applicable to Islamic banking products in same way as conventional ones. MAS states that the regulatory approach is focused on addressing the risks to the soundness of the country's financial institutions, with reviews in place of regulatory and tax treatment to expedite the issuance of Islamic financial instruments. In 2013, the government allowed the five-year tax window introduced in 2008 on specific Islamic finance instruments to lapse, although the tax treatment for Islamic instruments remains at par with conventional equivalents.

Like other jurisdictions attempting to enhance their Islamic finance industry, Singapore introduced new rules between 2005 and 2009 legislating Shariah banking and financing instruments as well as amendments to tax regulations, which removed additional tax obligations arising from the asset-based nature of Shariah transactions. In 2010, guidelines on the application of banking regulation to Islamic banking were introduced. In terms of positioning within the Islamic finance space, Singapore is in competition with jurisdictions such as Luxembourg and the Cayman Islands, which have established themselves as fund domiciles.

Sukuk

Although Singapore has significantly deep and liquid capital markets (despite no real need to tap the debt capital markets, the country has been maintaining current account surpluses, averaging SG$8.42 billion (US$5.94 billion) from 1986-2015 according to Trading Economics), the same, however, cannot be said about the Islamic side.

In general, Singapore has a relatively lackluster Sukuk market: government agencies have been active bond issuers in order to develop the nation's capital markets; however, in the past five years there have only been 31 Sukuk issuances in the country, according to MAS. The lack of Sukuk activities has been attributed to the great comfort of issuers with conventional facilities and the lack of incentives to pursue Islamic debt. Total outstanding issuance reached a high of SG$3.8 billion (US$2.68 billion) in 2014, a rise from SG$440 million (US$310.48 million) in 2009, the year when Singapore launched a Sukuk facility to provide regulatory assets for banks in the Shariah space.

Fintech

The Islamic crowdfunding platforms in Singapore have been increasing. The country is home to at least two Islamic fintech start-ups: Club Ethis and Kapital Boost. In the last quarter of 2016, Kapital Boost was certified Shariah compliant by Financial Shariah Advisory & Consultancy. Recently, Alpha Fintech collaborated with Bahrain's Finocracy to bring its end-to-end payment solution to the GCC region's e-commerce market participants. The effort will aid banks to quickly access new fintech partners across the entire payment, risk and commerce spectrum, as well as create opportunities for GCC retailers to capitalize on a 20% year-on-year e-commerce market growth.

Conclusion

Notwithstanding the progress of Islamic finance in Singapore, there is still much that can be done. In particular, areas such as Islamic fund management and Islamic wealth management remain relatively underdeveloped and need special focus to enable Singapore to stand out as the gateway for capital flows and investments between the Gulf and Asia. Government support and continued public awareness are key in developing its Shariah finance industry.

Sources of Information

- Central Bank of Singapore website http://www.mas.gov.sg/
- www.islamicfinancenews.com
- https://www.cia.gov/library/publications/the-world-factbook/geos/sn.html
- https://ifikr.isra.my/columns/post/islamic-finance-in-singapore-a-brief-overview
- http://www.gascia.org/development-of-islamic-finance-in-singapore/

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shariah Standard No. 01: Trading in Currencies

1. Scope of the Standard

This standard covers issues of both actual and constructive possession of currencies, the use of modern means of communication in currency trading, exchange of currencies in the context of the bilateral settlement of debts owed by the parties to the exchange, dealing in currencies in money markets, bilateral promises to buy and sell currencies, deferment of the delivery of one of two counter values in currency trading, and some-cases practiced by the institutions. The standard does not cover the following cases: those where there are no trading in currencies; the effect of goldsmithery in selling gold and silver; transfers of debts that do not involve exchanges of currency; and the discounting of bills of exchange.

2. Shariah Ruling on Trading in Currencies

2/1- It is permissible to trade in currencies, provided that it is done in compliance with the following Shariah rules and precepts:

2/1/1- Both parties must take possession of the counter values before dispersing, such possession being either actual or constructive.
2/1/2- The counter values of the same currency must be of equal amount, even if one of them is in paper money and the other is in coin of the same country, like a note of one pound for a coin of one pound.
2/1/3- The contract shall not contain any conditional option or deferment clause regarding the delivery of one or both counter values.
2/1/4- The dealing in currencies shall not aim at establishing a monopoly position, nor should it entail any evil consequences to the interest of individuals or societies.
2/1/5- Currency transactions shall not be carried out on the forward or futures market.

2/2- It is prohibited to enter into forward currency contracts. This rule applies whether such contracts are effected through the exchange of deferred transfers of debt or through the execution of a deferred contract in which the concurrent possession of both of the counter values by both parties does not take place.

2/3- It is also prohibited to deal in the forward currency market even if the purpose is hedging to avoid a loss of profit on a particular transaction effected in a currency whose value is expected to decline.

2/4- It is permissible for the institution to hedge against the future devaluation of the currency by recourse to the following:

2/4/1- To execute back to back interest free loans using different currencies without receiving or giving any extra benefit provided, these two loans are not contractually connected to each other.
2/4/2- Where the exposure is in respect of an account payable, to sell goods on credit or by Murabahah in the currency of the exposure.

2/5- It is permissible for the institution and the customer to agree, at the time of settlement of the instalments of a credit transaction (such as a Murabahah), that the payment shall be made in another currency applying the spot exchange rate on the day of payment.

2/6- Possession in sales of currencies

2/6/1- When a contract is concluded for the sale of an amount of currency, possession must be taken for the whole amount that is the subject matter of the contract at the dosing of the transaction.
2/6/2- Taking possession of one of the counter values by one party without taking possession of the other is not enough to make a currency dealing transaction permissible. Likewise, taking partial possession is not sufficient. Taking possession of part of a counter value is valid only in respect of the part, possession of which is complete, whereas the remaining part of the transaction remains invalid.
2/6/3- Possession may take place either physically or constructively. The form of taking possession of assets differs according to their nature and customary business practices.
2/6/4- Physical possession takes place by means of simultaneous delivery by hand.
2/6/5- Constructive possession of an asset is deemed to have taken place by the seller enabling the other party to take its delivery and dispose of it, even if there is no physical taking of possession. Among other forms of constructive possession that are approved by both Shariah and business customary practices are the following:

a) To credit a sum of money to the account of the customer in the following situations:

1. When the institution deposits to the credit of a customer's account a sum of money directly or through a bank transfer.
2. When the customer enters into a spot contract of currency exchange between himself and the Institution, in the case of the purchase of a currency against another currency already deposited in the account of the customer.
3. When the institution debits, by the order of the customer, a sum of money to the latter's account and credits it to another account in a different currency, either in the same Institution or another institution, for the benefit of the customer or any other payee. In following such a procedure, the institution shall adhere to the principles of Islamic law regarding currency exchange. A delay in making the transfer is allowed to the institution, consistent with the practice whereby a payee may obtain actual receipt according to prevailing business practices in currency markets. However, the payee is not entitled to dispose of the currency during the transfer period, unless and until the effect of the bank transfer has taken effect so that the payee is able to make an actual delivery of the currency to a third party.

b) Receipt of a cheque constitutes constructive possession, provided the balance payable is available in the account of the issuer in the currency of the cheque and the institution has blocked such a balance for payment.
c) The receipt of a voucher by a merchant, signed by the credit card holder (buyer), is constructive possession of the amount of currency entered as payable on the coupon provided that the card issuing institution pays the amount without deferment to the merchant accepting the card.

2/7- Agency in trading in currencies

2/7/1- It is permissible to appoint an agent to execute a contract of sale of a currency with authorisation to take possession of and deliver the counter value.
2/7/2- It is permissible to appoint an agent to sell currencies without authorizing him to take possession of the amount sold, provided the principal or another agent takes possession at the closing of the transaction, before the principal parties are dispersed.
2/7/3- It is permissible to authorise taking possession of the counter values after the execution of a contract of currency exchange, provided such possession is completed by the authorised agents at the closing of the transaction, before the principal parties are dispersed.

2/8- Use of modem means of communication for currency trading

2/8/1- Bilateral contracting between two parties at different remote places using modern communication means has the same juristic consequences as execution of the contract in one and same place.
2/8/2- An offer made for a stated period, which is transmitted by one of the prescribed means of communication, remains binding on the offeror during that period. The contract is not completed until acceptance by the offeree, and taking possession of the counter values (either actual or constructive) by both parties, has taken place.

2/9- Bilateral promise to purchase and sell currencies

2/9/1- A bilateral promise to purchase and sell currencies is forbidden if the promise is binding, even for the purpose of hedging against currency devaluation risk However, a promise from one party is permissible even if the promise is binding.
2/9/2- Parallel purchase and sale of currencies is not permissible, as it incorporates one of the following invalidating factors:

a) There is no delivery and receipt of the two currencies bought and sold, and thus the contract amounts to a deferred sale of currency.
b) Malung a contract of currency exchange conditional on another contract of currency exchange.
c) A bilateral promise that is binding on both parties to the contract of currency exchange, and this is not permissible.

2/9/3- It is not permissible for one of the partners in Musharakah or Mudarabah to be a guarantor for the other partner, to protect the latter from the risks of dealing in currencies. However, it is permissible for a third party to volunteer being a guarantor for that purpose, provided this guarantee is not stated in the contract.

2/10- Exchange of currencies that are debts owed by the parties
An exchange of amounts denominated in currencies that are debts established as an obligation on the debtor is permissible, if this results in the settlement of the two debts in place of a bilateral exchange of

currencies, and in the fulfilment of the obligations in respect of these debts. This covers the following cases:

2/10/1- Discharge of two debts when one party owes an amount from another party denominated in (say) dinar and the other party owes an amount from the first party denominated in (say) dirham. In this context, both may agree on the rate of exchange between the dinar and the dirham in order to extinguish the debts, wholly or partially. This type of transaction is known as al-Muqassah (set-off).

2/10/2- The creditor's making payment of a debt due to him in a currency different from that in which the debt was incurred, provided the settlement is effected as a spot transaction at the spot exchange rate on the day of settlement.

2/11- Combination of currency exchange and transfer of money

It is permissible to execute a financial transfer of money (remittances) in a currency different from that presented by the applicant for the transfer. This transaction consists of a currency exchange effected through actual or constructive possession by delivering an amount of currency that is evidenced by a bank draft, followed by the transfer of the amount using currency that is bought by the applicant for the transfer of money. It is permissible for the institution to charge a fee for the transfer.

2/12- Forms of dealing in currencies via Institutions

2/12/1- Among the forms that are not permitted is the customer of an institution entering into currency trading for an amount of money exceeding the amount of money he owns, using credit facilities granted by the institution which handles the currency trading, thus enabling the customer to enter into a transaction for an amount in excess of what he would otherwise be able to pay for.

2/12/2- It is not permitted for the institution to lend the customer a sum of money on the condition that currency dealing must be effected with that institution and not with any other. If there is no such condition, then there is no Shariah prohibition.

3. Date of Issuance of the Standard

This Standard was issued on 27 Safar 1421 A.H., corresponding to 31 May, 2000.

4. Adoption of the Standard

The Shariah Standard on Trading in Currencies was adopted by the Shariah Board in its meeting held on 25-27 Safar 1420 A.H., corresponding to 29-3 1 May, 2000.

Source:

AAOIFI website: http://aaoifi.com/

Events and Developments at Islamic Banking Department (IBD)-SBP

Events

- **Awareness-cum-Capacity Building Program on Islamic Banking & Finance for Shariah Scholars**

Islamic Banking Department (IBD), in collaboration with Dar-ul-Iqtisad-il-Islami (DII) had agreed to arrange different training programs of various duration for Shariah scholars across the country. In this regard, a one-year certificate program was concluded at Jamia Hujvaria, Lahore in April 2018, while a 4-months certificate program was also concluded at DII in May 2018.

- **Training Programs on "Fundamentals of Islamic Banking Operations" (FIBO)**

IBD, in collaboration with National Institute of Banking and Finance (NIBAF) arranged two training programs titled 'Fundamentals of Islamic Banking Operations (FIBO)' during Q2 of 2018. The training programs had a focus on enhancing skills and knowledge base of field staff of Islamic banking institutions particularly Branch Managers (BMs), Operation Managers (OMs) and Relationship Managers (RMs). The programs were organized during May 7-11, and June 25-29, 2018 at Lahore and Karachi, respectively. The training programs were also attended by Shariah scholars and academia of the respective regions, along with SBP/SBP-BSC officials.

Developments

- **IBD Circular No. 01 of 2018 'Shariah Governance Framework (SGF) for Islamic Banking Institutions (IBIs)'**

SBP has revised 'Shariah Governance Framework for Islamic banking institutions vide IBD Circular No. 01 dated June 07, 2018. The framework is applicable since July 01, 2015. In view of the industry practices and considering the feedback received from various quarters, the framework has been further refined. Moreover, IBD Circular Letter No. 01 of 2016 and Circular Letter No. 01 of 2017, have been made part of the revised framework, therefore, both the circulars now stand withdrawn. The IBIs have been advised to make all the necessary arrangements to comply with the requirements of the framework and submit compliance status to IBD, SBP by July 31, 2018.

- **IBD Circular No. 02 of 2018 'Enhanced Training and Capacity Building Measures for Islamic Banking Institutions (IBIs)'**

In order to encourage the culture of continuous learning for development of Islamic banking industry and to improve the processes & services provided by Islamic banking institutions, SBP has advised IBIs, vide IBD Circular No. 02 dated June 29, 2018, to enhance their training and capacity building measures. The IBIs are required to maintain, update and enhance the knowledge, skills and capabilities of their employees/staff at strategic, functional and operational levels. It is aimed that these measures will result in higher quality of service delivery and greater awareness of Islamic banking among existing and potential customers.

- **IBD Circular Letter No. 01 of 2018 'Change in nomenclature of SBP Shariah Board to Shariah Advisory Committee'**

SBP, vide its IBD Circular Letter No. 01 dated April 11, 2018 changed the nomenclature of 'SBP Shariah Board' to 'Shariah Advisory Committee' (SAC). Therefore, the nomenclature of SBP Shariah Board as used in all SBP communications including circulars, circular letters, regulations and guidelines may now be read as 'Shariah Advisory Committee'.

Islamic Banking News and Views

A. Local Industry News

SBP revises Shariah governance framework

The State Bank of Pakistan (SBP) has revised the Shariah governance framework for Islamic banking institutions, effective immediately. In a statement, SBP said the revamped framework has been further refined and advised Islamic banking institutions (IBIs) to comply with the new rules and submit compliance status to the Islamic Banking Department by 31st July, 2018.
www.islamicfinancenews.com

SECP registers Al Hilal Shariah Advisors

Al Hilal Shariah Advisors has become the first Shariah advisory company in Pakistan to be registered by the Securities and Exchange Commission of Pakistan (SECP) under the Shariah Advisory Regulations 2017, according to a statement.
www.islamicfinancenews.com

Punjab launches Islamic crop insurance

The Punjab government has introduced a Shariah compliant crop insurance scheme to protect the income of farmers against unfavorable circumstances, The News International reported. This scheme will be applicable during its first phase for cotton and rice fields. In the second phase, the takaful scheme will be applicable for more crops including sugarcane, maize, wheat, orchards and vegetables. Compensation will be given in cases of natural calamities or low yields.
www.islamicfinancenews.com

HCBF and AlBaraka sign MoU

Punjab University Hailey College of Banking & Finance (HCBF) and AlBaraka Bank have signed an MoU. As per the deal, AlBaraka would aid HCBF in developing curriculum besides conducting informative sessions on the workings, prospects and challenges of Islamic banking in Pakistan. In turn, HCBF will conduct seminars to create awareness among the public. The Islamic bank will arrange for the placement of graduate students and will also provide them with internship opportunities at its different branches.
www.islamicfinancenews.com

PSX approves listing of two funds

The Pakistan Stock Exchange (PSX) has given its approval for the listing and quotation of the units of two open-ended mutual funds: AKD Islamic Stock Fund and AKD Islamic Income Fund. According to separate bourse filings, the listing of the funds commenced on 21st June.
www.islamicfinancenews.com

BankIslami launches 'Plant a Hope' campaign

BankIslami has launched "Plant a Hope" campaign across its network of around 330 branches in Pakistan, Under this initiative, the branches of BankIslami will be planting at least three trees in their neighbourhood with the aim to contribute towards the greener and healthier environment. This initiative has been taken to fight the ongoing heatwave in Pakistan and is a continuation of World Environment

Day celebrated on the 5th of June for encouraging awareness and action for the protection of our environment.
https://pakobserver.net/bankislami-launches-plant-a-hope-campaign/

B. International Industry News

Islamic finance industry assets surpass $2 trillion mark

The new Islamic Financial Services Industry Stability Report 2018 released by the Islamic Financial Services Board (IFSB) in Kuala Lumpur on June 8 confirms earlier forecasts that the global Islamic finance industry now has surpassed the $2tn-mark in assets across its three main sectors: banking, capital markets and takaful. Total assets were valued at $2.05tn as of the end of 2017, marking 8.3% growth in US dollar terms year-on-year and reversing the preceding two years of near stagnation of asset value of $1.89tn in 2016 and $1.88tn in 2015. The report says that the strong growth momentum in Islamic finance is mainly owing to the global economic recovery in 2017.
https://pakobserver.net/islamic-finance-industry-assets-surpass-2tn-mark/

AAOIFI issues new accounting standard

AAOIFI has issued accounting standard No. 31 titled 'Investment Agency (Wakalah bil Istithmar)', according to a statement. The objective of this standard is to establish the principles of accounting and financial reporting for investment agency instruments and the related assets and obligations from the perspectives of both the principal (investor) and the agent. The standard provides a broad classification where at the inception of the transaction, the principal (investor) shall evaluate the nature of investment as either a 'pass-through investment' as a preferred option; or the 'Wakalah venture' approach.
www.islamicfinancenews.com

IMF to develop alternative assessment criteria for Islamic banking

The executive directors of the IMF have called upon the organization to engineer an alternative measurement to determine the systematic importance of the Islamic banking sector in a nation, beyond the simple market share benchmark, as the fund formally recognizes Shariah compliant banking parameters. Beginning the 1st January 2019, the IMF will incorporate the IFSB's Core Principles for Islamic Finance Regulation (CPIFR) into its assessment and supervision of jurisdictions where at least 15% of the nation's banking assets are Shariah compliant.
www.islamicfinancenews.com

IFSB expands PSIFIs database

The IFSB is forming a new task force as part of its efforts to expand its Prudential and Structural Islamic Financial Indicators (PSIFIs) database to include the takaful and Islamic capital market sectors, it said in a statement. The task force, comprising of representatives of regulatory and supervisory authorities for the Islamic capital market and takaful industry, will finalize the list of indicators and compilation methodologies, design data templates and begin collecting the data and metadata needed. The PSIFIs database, which currently only covers the banking segment, is also extending its templates for detailed sector-level financial statements for each participating country.
www.islamicfinancenews.com

Muslim world stands to gain from the IDB linking up with China's AIIB

Islamic finance has become a part of Asian Infrastructure Investment Bank (AIIB)'s agenda as the China-led bank has finally formally agreed to carve out a framework with the IDB allowing the two multilateral financiers to co-finance projects across Asia and potentially Africa, a move that is likely to drive the adoption of Shariah-compliant financial instruments. The AIIB and IDB will focus on sustainable finance for infrastructure development, including in the areas of energy and power, transportation and telecommunications, rural infrastructure, water supply, sanitation, environmental protection, urban development and logistics.
www.islamicfinancenews.com

Saudi issues sukuk

The Saudi Arabian government has issued SAR3.95 billion (US$1.05 billion) worth of sukuk, according to a statement. The offering was issued in three tranches: a SAR3.35 billion (US$892.87 million) facility maturing in 2023, SAR350 million (US$93.28 million) maturing in 2025 and SAR250 million (US$66.63 million) maturing in 2028.
www.islamicfinancenews.com

Malaysia leads the pack in sukuk market

Malaysia is leading the sukuk market with combined domestic and international issuances of US$612 billion, according to the International Islamic Financial Market (IIFM) Sukuk Report 2018. Malaysia leads other nations, namely Indonesia which floated a total of US$63 billion, Saudi Arabia which issued a total of US$95 billion and the UAE which printed a combined US$68 billion. Ijlal Ahmed Alvi, CEO of the IIFM, said in a press release that excluding Malaysia, corporate sukuk issuances in most of the established jurisdictions are below expectations and challenges including legal and policy issues must be resolved to encourage more sukuk issuances by corporate entities.
www.islamicfinancenews.com

Uzbekistan to set up Islamic development bank as part of plans to accommodate Shariah finance

Uzbekistan is planning to set up a 12-member commission next year to work on developing a holistic Islamic finance ecosystem to create alternative financing opportunities, mobilize resources from the domestic and foreign markets and meet the growing demand for Shariah compliant banking, finance and insurance products and services from the population which is approximately 90% Muslim.
www.islamicfinancenews.com

More green sukuk underway

The Securities Commission Malaysia (SC), in a conference conducted in collaboration with the World Bank Group Global Knowledge and Research Hub in Malaysia and the International Organization of Securities Commissions Asia Pacific Hub also in Malaysia, said that Malaysia is leading efforts to converge the Islamic and green financing industries. This follows the issuance of the world's first green sukuk last year. To date, five green sukuk have been issued under the SC's Sustainable and Responsible Investment sukuk Framework totaling RM2.41 billion (US$608.66 million).
www.islamicfinancenews.com

Islamic finance body IFSB to develop financial inclusion guidance

The Malaysia-based Islamic Financial Services Board (IFSB) said it will develop a technical note on financial inclusion, aiming to widen the reach of Shariah-compliant banking to low-income consumers. The technical note from the IFSB, one of the main standard-setting bodies for Islamic finance, will cover regulatory issues including Islamic microfinance, financial technology and integration of social finance.

https://pakobserver.net/islamic-finance-body-ifsb-to-develop-financial-inclusion-guidance/

Islamic banking regulations to be launched in Uganda

The Ministry of Finance has stated that the Islamic banking framework for Uganda is ready to be implemented and will be operational in October this year, according to the Daily Monitor quoting Patrick Ocailap, the deputy secretary of the Treasury. "Parliament passed the Islamic Banking law, but it lacked guidelines of how to implement it, but we have set them up and we hope that by October, Islamic banking will be operational," Ocailap was quoted as saying.

www.islamicfinancenews.com

Path Solutions announced top Islamic banking software vendor by IBS Intelligence

Path Solutions, a leading provider of Islamic banking software systems announced that the company has topped IBS Islamic Sales League Table (ISLT) 2018. This marks the sixth consecutive year, nine times in total in which Path Solutions holds on again to the No. 1 spot on this iconic international list. IBS Intelligence has unveiled that not only Path Solutions has been recognized as a winner in its primary line of business, being the vendor of choice for Shariah-based core banking platforms for major Islamic financial institutions around the world; it also ranked '4th Best Selling Primarily Universal Banking System Provider Worldwide' in IBS SLT 2018.

https://financialit.net/news/islamic-finance/path-solutions-announced-top-islamic-banking-software-vendor-ibs-intelligence

C. Articles & Views

Pakistan's targeted Islamic banking market share: hit or miss?

Islamic banking has been growing rapidly over the past four years in Pakistan, but, has it been growing fast enough to meet by this year the 15% target of Islamic banking market share that the central bank has set in its strategic plan published back in 2014? While it appears to be a straightforward yes/no question, it is actually more complicated than expected. Pakistan, Malaysia and Turkey are home to thriving Islamic finance sectors. Starting from a low base and boosted by strong political will, the industry has experienced swift growth in these countries where different objectives have been set in terms of Islamic banking market share for 2018, 2020 and 2025 according to the countries themselves.

www.islamicfinancenews.com

The role of value-based intermediation in strengthening Islamic finance

The value-based intermediation (VBI) initiative encourages Islamic banking institutions to adopt relevant practices, offerings and conduct that generate positive and sustainable impact on the economy, community and environment without compromising financial returns to shareholders. The intended outcomes of VBI are broadly similar to the objectives of well-established concepts such as environmental, social and corporate governance (ESG), sustainability, socially responsible investing (SRI), impact

investing and ethical finance. However, the key difference between VBI and these concepts is that VBI is rooted in Shariah, which determines its underlying values, moral compass and priorities.
www.islamicfinancenews.com

Why GCC corporates have shunned the sukuk market

The sukuk segment of the Islamic financial industry witnessed a lot of activity in 2017. There was a global sale of nearly US$100 billion in sukuk which increased the amount raised by 40% from 2016 as there was sustained growth in the GCC region along with the continuation in non-Islamic markets like the UK and Australia and entry by new markets like Nigeria. While this can be seen as positive development in the global sukuk market, corporate sukuk present a slight cause of concern. There has been a decline in the number of issuances when compared to the number of issuances of sovereign sukuk.
www.islamicfinancenews.com

Can blockchain and P2P lending platforms work together?

The global blockchain technology market has certainly got our attention with recent worldwide statistics quoting growth in 2017 to reach over US$339.5 million in size and forecasted to grow further to US$2.3 billion by 2021. As impressive as this appears and with fintech growing rapidly, is there a place within Islamic crowdfunding for blockchain technology?
www.islamicfinancenews.com

Robo-advisory in Islamic investment management

Robo-advisors are substituting their human counterparts in the investment and wealth management business in much the same way that Amazon and Netflix have taken a slice of the pie from retail stores and cinemas. Robo-advisors are digital platforms that provide automated, algorithm-driven, financial planning services with little to no human supervision. A typical robo-advisor collects information from clients about their financial situation and future goals through an online survey, and then uses the data to offer advice and/or automatically invests clients' assets.
www.islamicfinancenews.com

Asia's Islamic finance industry growing stronger

Asia is steadily cementing its substantial role in the global Islamic finance industry, a new report by the Malaysia International Islamic Finance Center (MIFC) published in cooperation with Jeddah-based Islamic Corp for the Development of the Private Sector found. According to the research, entitled "Islamic finance in Asia: Reaching new heights," Asia's Islamic finance assets, excluding the Gulf Co-operation Council (GCC), registered annual growth of 8.4% between 2011 and 2016 and stood at $528.7bn, or 26% of the world's Shariah-compliant financial assets, at the end of 2017.
https://pakobserver.net/asias-islamic-finance-industry-growing-stronger/

Islamic wealth management, relevance in modern times

Islam has a unique dispensation on the concept of wealth, its ownership and distribution. Wealth is not regarded as an end per se, but a means to an end: the end being the paradise in the hereafter. Essentially, material possessions are considered the primary form of wealth, perceived to be generated, accumulated and/or invested by the one who acquired it. Inclusively, wisdom, knowledge, salvation and even contentment can all be categorised as wealth. From the Islamic perspective, wealth is a means to living a beneficial existence and providing societal benefits and welfare to the members of the society.
https://pakobserver.net/islamic-wealth-management-relevance-in-modern-times/

Current outlook for Islamic asset management and the fund industry in Pakistan

The history of Pakistan's mutual fund industry dates back to November 1962 when the National Investment Trust established its first mutual fund, namely the National Investment (Unit) Trust. Subsequently, it took a period of around 40 years for private sector asset management companies (AMCs) to set foot in the industry. Currently, there are 19 AMCs operating in Pakistan, collectively managing around PKR638 billion (US$5.49 billion) worth of assets in almost 185 mutual funds and 19 voluntary pension funds. The size of the industry has witnessed a double-digit compound annual growth rate (CAGR) of 20% over the last 15 years.
www.islamicfinancenews.com

Intermediaries in Islamic capital markets: the regulatory agenda

Intermediaries in Islamic capital markets have not had a lot of regulatory attention. That is partly because they are a diverse set of businesses: brokers, portfolio managers, financial advisors and a range of others. Their relationships with customers and markets vary, as do the risks they pose. In conventional capital markets, it is generally accepted that brokers and portfolio managers should be regulated, but approaches to the others vary greatly. Where regulation exists, it is usually more about conduct of business than capital resources, though some firms that trade for their own account may be subjected to bank-like rules.
www.islamicfinancenews.com

The sky's the limit for Islamic aviation finance

2018 has been a strong year for Islamic aviation finance, and the leasing sector is booming as investors clamor for assets and firms flock to fundraise. Aviation sukuk are increasingly common, while the asset management industry is also evolving from the intense appetite. Islamic aviation finance is nothing new, Emirates pioneered the sector back in 2005 with the world's first international sukuk issued by an airline and since its US$550 million debut, a diverse multitude of other names have tapped the market, from Malaysia's AirAsia to Royal Jordanian, Sri Lankan Airlines, Pakistan International Airlines and Dubai's Air Arabia.
www.islamicfinancenews.com

Hong Kong is ideal for SPVs in Islamic finance: a tax perspective

Hong Kong is emerging as one of the most important centers for Islamic finance around the world and was the first Chinese region to become an associate member of the IFSB. Hong Kong's involvement in the Islamic finance sector started over 10 years ago, with three successful sovereign sukuk issuances and amendments of its profit tax and stamp duties legislation to cater to Islamic finance development, focusing on the sukuk space.
www.islamicfinancenews.com

Why fintech and commodities are important for Islamic finance

For many fintech entrepreneurs and their investors, the fintech phenomenon gives us the opportunity not just to reshape finance but more importantly, to effect social change among the economically disadvantaged of the world. This is particularly true in the world of Islamic finance which seeks to serve some two billion Muslims around the world, a quarter of the world's population.
www.islamicfinancenews.com

Listing sukuk in Hong Kong is tax efficient for CPEC infrastructure projects

The China-Pakistan Economic Corridor (CPEC) is an initiative comprising a tremendous number of huge infrastructure and energy projects on a route across Pakistan to the border of China. It is widely expected that the CPEC would bring the full potential of Islamic finance in infrastructure funding into action. Given the aforementioned golden opportunity, Hong Kong, with its tax comparative advantage as an excellent SPV location, can play a critical role as a super connector between China and Pakistan, where Islamic finance instruments such as sukuk can be used.

www.islamicfinancenews.com

Achieving sustainable development goals: why financing social entrepreneurs matters

The World Bank has just published the 2018 edition of the 'Atlas of Sustainable Development Goals' (SDGs). The 17 SDGs represent the world's most ambitious plan to promote the sustainable development of people and planet. The document presents maps, charts and stories related to SDGs. It discusses trends, comparisons and measurement issues using accessible and shareable data visualizations.

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Crowdfunding: the future of Islamic social finance?

The role of Islamic social finance assumes great significance, especially in countries with high poverty levels among Muslims. The main objective of Islamic philanthropy such as Zakat (compulsory tax on wealth), Sadaqat (charitable acts), Waqf (endowment), etc, is to meet the needs of the poor and to curb ever-rising levels of relative poverty. To fulfill this objective, it is essential to know to what extent Islamic social funds can meet the resource requirements for poverty alleviation, and whether the current distribution of Islamic social funds to the poor have been effectively managed and distributed.

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Standardization

One of the key components that make the international financial industry work smoothly is the high level of standardization of transaction types, legal language and key terms. Standardization across the industry enhances transparency, facilitates ease of understanding and provides a common way to transact across different jurisdictions. Granted, the legal language of, for example, a current account, or any financial transaction for that matter, can be quite overwhelming. The ability to undertake a transaction involving different financial institutions across different jurisdictions with a common understanding between all parties is actually quite useful.

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Annexure: I

Islamic Banking Branch Network

(As of June 30, 2018)

Type	Name of Bank	No. of Branches	Windows
Islamic Banks	AlBaraka Bank (Pakistan) Limited	180	-
	BankIslami Pakistan Limited	218	-
	Dubai Islamic Bank Pakistan Limited	200	-
	Meezan Bank Limited	602	-
	MCB Islamic Bank Limited	166	-
	Sub-Total	**1,366**	
Standalone Islamic Banking Branches of Conventional Banks	Allied Bank Limited	117	-
	Askari Bank Limited	91	-
	Bank Al Habib Limited	57	126
	Bank Alfalah Limited	152	121
	Faysal Bank Limited	199	-
	Habib Bank Limited	45	495
	Habib Metropolitan Bank Limited	29	215
	National Bank of Pakistan	170	-
	Silk Bank Limited	30	-
	Sindh Bank Limited	14	13
	Soneri Bank Limited	19	-
	Standard Chartered Bank (Pakistan) Limited	9	84
	Summit Bank Limited	14	35
	The Bank of Khyber	84	39
	The Bank of Punjab	68	-
	United Bank Limited	93	156
	Sub-Total	**1191**	**1,284**
	Total Branches	**2,557**	**-**
Sub Branches	AlBaraka Bank (Pakistan) Limited	8	-
	Askari Bank Limited	3	-
	BankIslami Pakistan Limited	112	-
	The Bank of Punjab	2	-
	Habib Bank Limited	2	-
	United Bank Limited	1	-
	Total Sub-Branches	**128**	**-**
	Grand Total Branches/Sub-Branches	**2,685**	**1,284**

Source: Information/Data obtained from different banks

Annexure: II

Province/Region wise Break-up of Islamic Banking Branch Network

(As of June 30, 2018)

Type	Bank Name	Azad Kashmir	Balochistan	FATA	Federal Capital	Gilgit-Baltistan	Khyber Pakhtunkhwa	Punjab	Sindh	Grand Total
Islamic Banks	AlBaraka Bank (Pakistan) Limited	3	6	-	7	1	16	100	47	180
	BankIslami Pakistan Limited	3	12	-	9	2	19	95	78	218
	Dubai Islamic Bank Pakistan Limited	7	5	-	11	-	8	85	84	200
	Meezan Bank Limited	6	23	-	31	2	36	307	197	602
	MCB Islamic Bank Limited	2	11	1	9	-	11	68	64	166
	Islamic Banks	**21**	**57**	**1**	**67**	**5**	**90**	**655**	**470**	**1,366**
Standalone Islamic Banking Branches of Conventional Banks	Allied Bank Limited	2	4	-	6	1	12	69	23	117
	Askari Bank Limited	-	3	-	8	1	13	46	20	91
	Bank Al Habib Limited	-	4	-	2	-	3	18	30	57
	Bank Alfalah Limited	1	5	-	11	-	8	89	38	152
	Faysal Bank Limited	2	10	1	9	1	24	110	42	199
	Habib Bank Limited	2	1	1	4	-	4	23	10	45
	Habib Metropolitan Bank Limited	-	-	-	1	-	6	8	14	29
	National Bank of Pakistan	9	5	2	5	1	31	86	31	170
	Silk Bank Limited	1	1	-	3	-	5	11	9	30
	Sindh Bank Limited	1	1	-		-	2	7	3	14
	Soneri Bank Limited	-	1	-	2	1	2	8	5	19
	Standard Chartered Bank (Pakistan) Limited	-	-	-	1	-	1	1	6	9
	Summit Bank Limited	-	1	-	2	2	1	2	6	14
	The Bank of Khyber	-	4	4	2	-	61	10	3	84
	The Bank of Punjab	1	-	-	5	-	11	51	-	68
	United Bank Limited	1	4		4	-	19	39	26	93
	Islamic Banking Branches Total	**20**	**44**	**8**	**65**	**7**	**203**	**578**	**266**	**1,191**
Sub Branches	AlBaraka Bank (Pakistan) Limited	-	-	-	1	-	-	1	6	8
	Askari Bank Limited	-	1	-		-	1	1	-	3
	BankIslami Pakistan Limited	1	6	-	8	-	5	41	51	112
	Faysal Bank Limited	-	-	-	-	-	-	-	-	-
	Habib Bank Limited	-	-	-	-	-	-	-	2	2
	The Bank of Punjab	-	-	-	-	-	-	2	-	2
	United Bank Limited	-	-	-	-	-	1	-	-	1
	Sub Branches Total	**1**	**7**	**0**	**9**	**0**	**7**	**45**	**59**	**128**
	Grand Total	**42**	**108**	**9**	**141**	**12**	**300**	**1,278**	**795**	**2,685**

Annexure: III

District wise Break-up of Islamic Banking Branch Network

(As of June 30, 2018)

S. No	Province	District	No of Branches*
1	Sindh	Badin	2
2		Dadu	6
3		Ghotki	3
4		Hyderabad	54
5		Jacobabad	5
6		Jamshoro	2
7		Karachi City	647
8		Khairpur	3
9		Larkana	5
10		Matiari	1
11		Mirpurkhas	10
12		Naushahro Feroze	1
13		Shaheed Benazir Abad	15
14		Sanghar	12
15		Shikarpur	1
16		Sukkur	17
17		Shahdadkot	1
18		Tando Allahyar	4
19		Tando Mohammad Khan	1
20		Thatta	1
21		Umer Kot	4
Sindh Total			**795**
22	Punjab	Attock	17
23		Bahawalnagar	12
24		Bahawalpur	20
25		Bhakkar	1
26		Chakwal	16
27		Chiniot	5
28		Dera Ghazi Khan	15
29		Faisalabad	100
30		Gujranwala	60
31		Gujrat	49
32		Hafizabad	5
33		Jhang	13
34		Jhelum	16
35		Kasur	17
36		Khanewal	18
37		Khushab	5
38		Lahore City	433
39		Layyah	6
40		Lodhran	5
41		Mandi Bahauddin	13
42		Mianwali	8
43		Multan	73
44		Muzaffargarh	7
45		Nankana Sahib	7
46		Narowal	6
47		Okara	18
48		Pakpattan	9
49		Rahim Yar Khan	35
50		Rajanpur	3
51		Rawalpindi	132
52		Sahiwal	28
53		Sargodha	30
54		Sheikhupura	22
55		Sialkot	40
56		Toba Tek Singh	17
57		Vehari	17
Punjab Total			**1,278**

S. No	Province	District	No of Branches*
58	Khyber Pakhtunkhwa	Abbottabad	20
59		Bannu	6
60		Batagram	3
61		Buner	4
62		Charsadda	9
63		Chitral	6
64		Dera Ismail Khan	13
65		Hangu	5
66		Haripur	8
67		Karak	1
68		Kohat	9
69		Lakki Marwat	1
70		Lower Dir	13
71		Malakand	13
72		Mansehra	12
73		Mardan	20
74		Nowshera	18
75		Peshawar	93
76		Shangla	4
77		Swabi	7
78		Swat	27
79		Tank	1
80		Torghar	1
81		Upper Dir	6
Khyber Pakhtunkhwa Total			**300**
82	Gilgit-Baltistan	Skardu	1
83		Diamir	5
84		Gilgit	6
Gilgit-Baltistan Total			**12**
85	FATA	Bajaur Agency	1
86		Khyber Agency	5
87		Mohmand Agnecy	1
88		Orakzai Agency	2
FATA Total			**9**
89	Federal Capital	Islamabad	141
Capital Total			**141**
90	Balochistan	Chaghi	1
91		Gawadar	6
92		Harnai	1
93		Turbat	2
94		Khuzdar	2
95		Lasbela	5
96		Loralai	5
97		Pishin	6
98		Quetta	62
99		Qilla Abdullah	6
100		Qilla Saifullah	4
101		Zhob	6
102		Ziarat	1
103		Panjgur	1
Balochistan Total			**108**
104	Azad Kashmir	Bagh	1
105		Bhimber	1
106		Dadyal	4
107		Hattian Bala	1
108		Kotli	5
109		Mirpur	17
110		Muzaffarabad	11
111		Poonch	2
Azad Kashmir Total			**42**
Grand Total			**2,685**

*including sub-branches