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Islamic Banking Department

State Bank of Pakistan



Islamic Banking Department



Vision

Make Islamic Banking the Banking of First Choice for the Providers and Users of Financial Services.

Mission

Promote and Regulate Islamic Banking Industry in Line with Best International Practices, Ensuring Shariah Compliance and Transparency.

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For soft copy and previous issues please visit:
<http://www.sbp.org.pk/ibd/bulletin/bulletin.asp>

State Bank of Pakistan

SBP Governor's View

".....Impetus to Islamic finance (IF) comes from not only its strong appeal and demand both from Muslims and now from Western world but from recognition and reality that IF is indeed an alternate and viable financing mechanism. If appropriately nurtured, it has potential to broaden and deepen financial markets. This is critical for financial markets that suffer from (a) low level of financial penetration – level of financial exclusion in developing markets is as high as level of financial inclusion in developed markets; (b) high dependence on bank and debt based systems; and (c) small and illiquid capital markets. IF's authenticity lies in its inherent characteristics to enrich and supplement conventional finance by offering options and solutions to address these gaps in financial system, while effectively and efficiently allocating capital and allowing opportunities to optimize firm's capital structure...."

".....On their part regulators have provided the industry free play. Cooperation among regulators has helped to develop core and supportive IF infrastructure which better weaves in the unique features and nuisance of the IF. Development of Islamic prudential regulatory and supervisory framework, which subscribes to Basel standards for conventional banking, will pave the way for development of IF, while tweaking the regulations to accommodate special risk characteristics of the IF. Institutional framework and evolving approaches for supervision systems will help build confidence among investor and customers. It is my belief that proper practical application of IF has the potential of taking global finance to new frontiers and heights...."

Excerpts from: Key Note Address delivered by the Governor SBP, Dr. Shamshad Akhtar at Harvard Law School on 20th April 2008. The full text of the speech can be accessed at:

<http://www.sbp.org.pk/about/speech/Governors/Dr.Shamshad/2008/Harvard-Law-25-Apr-08.pdf>



For viewing the speeches of the Governor SBP on subject of Islamic Banking & Finance a new link has been created at SBP website under the title : SBP Governor's Speeches on Islamic Finance (<http://www.sbp.org.pk/ibd/speeches.htm>)

CONVERSION OF CURRENCY AND SELLING OF GOLD FOR SILVER ON THE SPOT

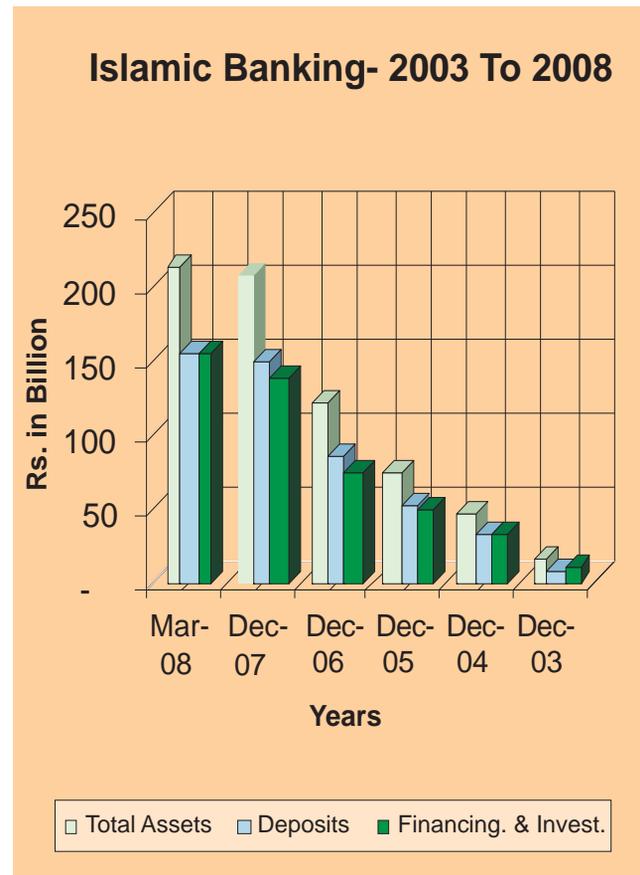
.....**Allah's Messenger** (*may peace be upon him*) said: *Exchange of silver for gold (has an element of interest in it, except when (it is exchanged) on the spot; and wheat for wheat is an interest unless both are handed over on the spot; barley for barley is interest unless both are handed over on the spot; dates for dates is interest unless both are handed over on the Spot.*

Source: Hadith Number 3850, Book 010, Chapter 36: The Book of Transactions (Kitab Al-Buyu) Sahih Muslim
<http://www.asanquran.com/Hadith.cfm>

INDUSTRY PROGRESS AND MARKET SHARE

The market share of Islamic banking assets in the overall banking system stood at around 4.1% as of March 31, 2008, showing modest increase of 0.3 percent, since December 2007. Islamic banking deposits, and financing & investment stood at 3.9% and 3.8% respectively. Apparently the progress seems not impressive but given the usual trend of first quarters, the progress is encouraging. More specifically, banks efforts to achieve targets in December (year-end) result in some correction in first quarter of the coming financial year. The branch network reached 313 from 289 branches during the quarter.

Deposit Mobilized by Islamic Banking Divisions through Islamic Banking Windows	
Islamic Banking Windows	70
Deposits mobilized through IBWs	Rs. 1,851 Mn
% of total Deposits of Islamic Banking Divisions	4.1%



(Rs. in billion)

Description	March-08	Dec-07	Dec-06	Dec-05	Dec-04	Dec-03
Total Assets	212	206	119	72	44	13
% of Banking Industry	4.1%	4.0%	2.8%	2.0%	1.5%	0.5
Deposits	152	147	84	50	30	8
% of Banking Industry	3.9%	3.8%	2.6%	1.8%	1.3%	0.4%
Financing. & Invest.	152	138	73	48	30	10
% of Banking Industry	3.8%	3.5%	2.3%	1.7%	1.3%	0.5%
Full Fledge Islamic Banks	6	6	4	2	2	1
Conventional Banks with Islamic Banking Branches	12	12	12	9	9	3
No. of Branches	313	289	150	70	48	17

ISLAMIC BANKING SECTOR

Comparative Consolidated Balance Sheets of Islamic Banking Institutions

Rs. in Million

Description	Dec-07	Mar-07	%Change
ASSETS			
Cash and balances with treasury banks	20,463	19,294	-6%
Balances with other banks	18,533	13,978	-25%
Due from financial institutions	11,850	9,611	-19%
Investments	30,961	31,903	3%
Financings	106,848	119,747	12%
Operating fixed assets	6,967	7,825	12%
Deferred tax assets	3,454	678	-80%
Other assets	6,871	9,303	35%
Total Assets	205,946	212,338	3%
LIABILITIES			
Bills payable	2,597	2,908	12%
Due to financial institutions	4,557	5,346	17%
Borrowings from Head office*	10,485	7,979	-24%
Deposits and other accounts	147,361	152,462	3%
Liabilities against assets subject to finance lease	53	55	5%
Deferred tax liabilities	833	818	-2%
Other liabilities	10,535	11,588	10%
Total Liabilities	176,420	181,156	3%
NET ASSETS	29,526	31,182	6%
REPRESENTED BY			
Paid-up capital/Head office capital account	25,658	28,707	12%
Reserves	1,423	788	-45%
Un-appropriated/Un-remitted profit	1,953	1,119	-43%
Sub Total	29,033	30,613	5%
Surplus /(Deficit) on revaluation of assets	493	568	15%
Equity	29,526	31,182	6%

* For Islamic Banking Divisions of Conventional Banks



Analysis of the Consolidated Balance Sheet of Islamic Banking Institutions

Deposits

The increasing trend in deposits over the years remained intact. Overall deposits of IBIs as on March 31, 2008 stood at Rs 152.5 billion reflecting Quarter on Quarter increase of 3%. Both IBs and IBDs contributed towards overall increase. The share of Savings, Fixed and Current Accounts of customers' deposits remained almost the same as a quarter earlier. Specifically, shares of Savings, Fixed and Current Accounts of customers deposits were 31%, 39% and 21% respectively.

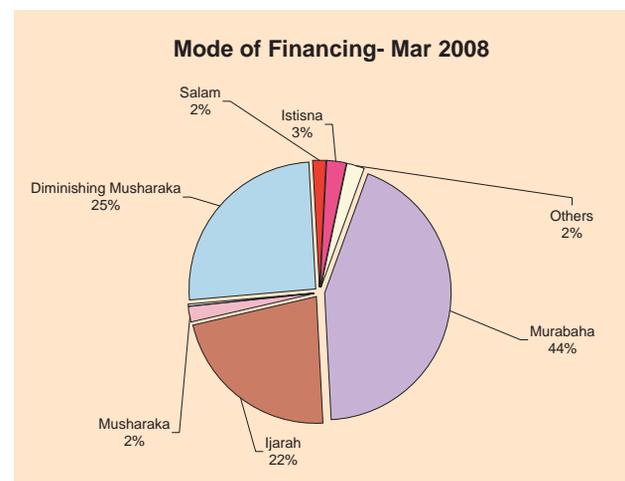
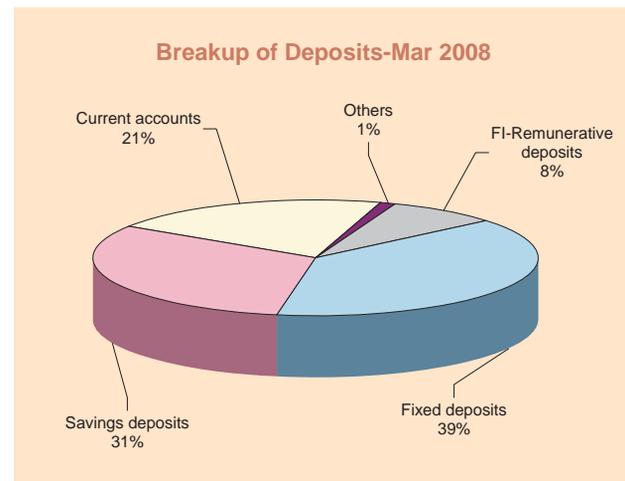
Description	March-2008	Dec -2007	Growth QoQ
Total Assets	212	206	3%
Deposits	152	147	3%
Financing. & Invest.	152	138	10%
No. of Branches	313	289	2.4%

Investments:

Investment position of IBIs as on March 31, 2008 is Rs 31.9 billion which shows an increase of 3% over the previous quarter. The increase in investments reflects the new investment in Sukuk.

Financing:

Islamic Banking Industry in Pakistan depicts financing (net of provisions) of Rs. 121.3 billion at end March 2008, reflecting a QoQ increase of 12%. More than 90% financing comes through three modes of financing i.e. Murabaha 44%, Ijarah 22% and Diminishing Musharaka 25% respectively. Though in overall terms financing remained concentrated in these three modes, share of Ijarah has declined while that of diminishing Musharaka has increased. The decline in share of Ijarah is not surprising given the upward revision in financing rates that is also reflected in lower car sales.



Total Assets:

Total Assets of IBIs as on March 31, 2008 are Rs 212.3 billion, showing an increase of 3% (QoQ).

...Continued from previous page

Earning and Profitability

Mark-up income has improved remarkably during the quarter reflected by a 1 percentage point increase in ratio of net Mark-up income to Total Assets. Specifically, the mark-up income has increased by 35% (annualized basis).

However, the ratio of net non-Mark-up income to Total Assets has worsen. The major contributors are dividend income, income from forex dealing and other income that declined by 65%, 18% and 26%, respectively. While the administrative expenses have also increased by an alarming 36%, the dismal performance on non-mark-up side can be explained by the infancy stage argument.

The asset quality of Islamic banks has slightly worsen during Jan-Mar 2008, though still remaining better than their conventional counterparts. The ratio of NPF to financing has increased by 0.3 percentage points (pp), while ratio of net-NPF to net-financing and total assets increased by 0.3pp and 0.2pp. The Net NPF to capital ration has also deteriorated. The indication of deteriorating asset quality is not alarming (or misleading) as the end-December figures had very high provisioning that improved the NPF scenario extraordinarily.

Earnings and Profitability Section	Dec-07	Mar-08
Mark-up Income to Total assets	6.2%	8.08%
Mark-up Expense to Total assets	3.3%	4.02%
Net Mark-up Income to Total assets	2.9%	4.06%
Non-Mark-up Income Total assets	1.2%	0.99%
Non-Mark-up expense Total assets	2.8%	3.76%
ROE (Average Assets)	5.69%	5.40%
ROA (Average Assets)	0.82%	0.78%

Assets Quality Ratio	Dec-07	Mar-08
NPFs to Financing	1.2%	1.5%
Net NPFs to Net Financing	-0.1%	0.2%
Net NPFs to Total Assets	-0.1%	0.1%
Provisions to NPFs	108.7%	84.2%
Net NPFs to Total Capital	-0.38%	0.92%

.....Bank in focus Continued from Page 8

Brief Profile of BIPL's Shariah Advisor:

Mufti Irshad Ahmad Aijaz is the full time Shariah Adviser of the Bank. Mufti Irshad graduated from Jamia Uloom Islamiyyah, Binnori Town, Karachi from where he also did his Shadat-ul-Aalamia (Masters in Arabic and Islamic Studies). Afterwards, he completed his Takhassus fi al-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi.

Mufti Irshad has passed an Islamic economics course "Contemporary Business and Banking and its critical evaluation in the light of

Shariah" from the Centre for Islamic Economics, Jamia Darul Uloom Karachi, Mufti Irshad has also recently completed his MBA program from (AMI) Iqra University, Karachi. He is presently enrolled in the MPhil program with specialization in Islamic Finance at (AMI) Iqra University, Karachi. He also heads the task force for 'Islamic Alternatives for Agricultural Finance' formed by State Bank and is member of various committees formed by SBP for developing and implementing AAOIFI'D5s Shariah Standards in Pakistan.

Source: www.bankislami.com.pk (as of March, 30, 2008).



BOOK IN FOCUS

Islamic Finance

Consulting Editor: Rahail Ali - Lovells
 Publisher : Globe Business Publishing Ltd
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 Pages : 175 pages
 ISBN : 978-1-905783-13-7

Islamic Finance has seen unprecedented growth in recent years and the pace of this growth is accelerating. This is evidenced not only by the size of the Islamic finance market, but also by the increasing range of sophisticated products and services. The markets for Shariah-compliant funds and takaful (Islamic insurance) are sectors in their own right.

Today, Islamic finance attracts sovereigns, financial institutions, multinationals, corporates and customers across the retail spectrum who are looking to tap Islamic liquidity from sukuk (Islamic bonds), corporate, retail, acquisition, development and project financings. This practical title features insightful chapters by leading practitioners in Islamic financing (including from Norton Rose, Citigroup Asia and Dubai Islamic Bank), and analyses market trends, key developments and structures for sukuk, syndications, funds, takaful, project financing and Islamic liquidity management.

This unique title is essential reading whether you are already engaged in Islamic financing transactions or interested in understanding the Islamic finance market and the structures underpinning the world's fastest-growing finance sector.

Contents

I) Islamic finance overview

- An introduction to the contemporary Islamic finance market
- Understanding the principles of Islamic finance
- Islamic finance: legal issues

II) Equity and funds

- Overview of Islamic asset management
- Shariah screening and Islamic equity indexes
- Islamic private equity funds

III) Finance

- Overview of syndicated Islamic debt finance
- Application of Islamic finance to project finance
- Application of Islamic finance to trade finance

IV) Capital markets

- Overview of Islamic capital markets
- Sukuk: A debt and equity offering case study guide
- Fixed income Sukuk: prospects for corporate issues

V) Insurance

- Overview of Islamic insurance
- Takaful v. Modern Insurance
- Islamic insurance products: a case study guide

Source: www.gbplawbooks.com/isf





BankIslami Pakistan Limited

Company Information

BankIslami Pakistan Limited started its commercial operations on April 7, 2006 with its first branch in SITE, Karachi. It was the first Bank to receive the Islamic Banking license on March 31, 2005 under the Islamic Banking policy of 2003.

Founding Shareholders

The founding shareholders of BankIslami are Randeree family of the DCD Group, UK, Dubai Bank, U.A.E and Jahangir Siddiqui & Company Limited, Pakistan each investing 18.40% in the total Capital of Rs. 4.28 billion.

Branch Network

BankIslami has the 2nd largest branch network amongst Islamic Banks having more than 36 branches* in 23 cities of Pakistan. Approximately 30% of the network is in rural areas. The Bank is concentrating on building a nationwide network and by end of year 2008 it would have 100 branches and sub branches in 42 cities of Pakistan. This is in line with Bank's strategy of focusing on retail market and creating a large distribution network to support the Wealth Management initiative. This will give BankIslami the distinction of having the fastest expanding branch network in Pakistan. The Bank has a deposit base of Rs. 9.8 billion with more than 27,000 customers.

Product Range

Currently, the Bank offers complete range of Shariah compliant Consumer, Retail, Corporate and Investment Banking products and services to its customers.

- **Consumer financing** products include Auto Ijarah and Muskun Financing.
- **Retail Banking** products include Islami Current Account, Islami Bachat Account, Islami Amadni Certificate, Islami Mahana Munafa Account etc.

	(PKR in Bn)	% of Islamic Banking Industry
Deposits	9.8	6.4 %
Financing	4.6	3.8 %
Total Assets	14.8	7.0 %
Branch Network	36	12.2 %
As of March 31, 2008		

- **Corporate Banking** products and services include Murabaha Financing, Working Capital finance, Trade financing, Medium and Long term finance, Leasing or Ijarah facility, Islamic Export refinance scheme etc.
- **Investment Banking** products and services include Sukuk Arrangement, Financial Advisory, Private Placement, Syndication, Trusteeship, Underwriting, Structured Finance, Listing on Capital Markets, Project Financing, Mergers & Acquisitions etc. BankIslami also offers a wide range of value added services, namely, Nationwide Online Banking, Biometric ATM facility, Deposit accepting ATMs, Debit Card, Internet Banking, Inter-bank funds transfer facility through ATM, e Statement facility, Lockers, Phone Banking and a 24 /7 Call Centre service.

BankIslami enjoys a number of Firsts in the Islamic Banking Industry of Pakistan.

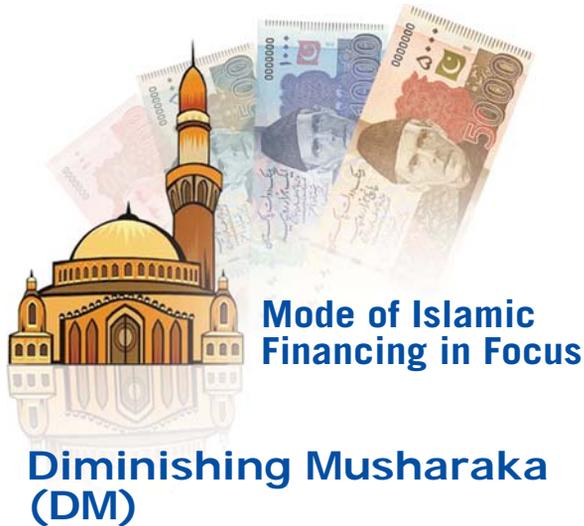
- 1st Bank in Pakistan and 2nd worldwide to have used 'Biometric' technology in ATMs.
- Also it is the 1st Islamic Bank offering IBFT (Inter Bank Fund Transfer) facility through ATMs.
- In 11 Cities, BankIslami is the first Islamic Bank to start operations.
- It has the largest deployment of Linux technology in Pakistan right up to the desk top level and has been showcased by Novell Networks as a success story in use of Linux Technology.

Shariah Supervisory Board

The Shariah Board of BankIslami consists of three renowned and distinguished Shariah scholars namely:

- Justice (Retd) Muhammad Taqi Usmani (Chairman)
- Prof Dr Fazlur Rahman (Member)
- Mufti Irshad Ahmad Aijaz (Shariah Advisor)

Contd on Page 5.....



Diminishing Musharaka (DM) is a form of coownership in which two or more persons share the ownership of a tangible asset in an agreed proportion and one of the co-owners undertakes to buy in periodic installments the proportionate share of the other co-owner until the title to such tangible asset is completely transferred to the purchasing coowner.

A DM arrangement would typically consist of following three steps, i.e.

- a. Creation of joint ownership between the coowners.
- b. Renting out by one co-owner the undivided share in the asset owned to the other co-owner; and
- c. Selling in periodic installments by one co-owner his share to the other co-owner (s) Separate agreements/contracts shall be entered into at different times in such a manner and in such sequence that each agreement/contract is independent of the other in order to ensure that each agreement is a separate transaction. The sequencing of the agreements in a DM shall be as follows:

1. There shall be an agreement of co-ownership between the parties.
2. There shall be an agreement of Ijarah between the co owners to lease out one's share in such property to another for an agreed periodic payment in consideration of the use of the former's share by the latter.
3. An undertaking by one of the co-owners to the effect to purchase the units of other co owner

at a mutually agreed price until the entire ownership of the asset is transferred to the purchasing co-owner. Additionally, an undertaking shall be given by the other owner to the effect that he will sell the units owned by him to the first coowner in the event the latter desires to purchase the units earlier than the agreed schedule on such price as may be mutually agreed.

In case a co-owner fails to honour his undertaking, as aforesaid with regard to the periodic payment and purchase or sale of units as the case may be, the asset may be sold in the open market and the co-owner aggrieved by such failure shall be entitled to recover:

1. Actual loss, defined as the difference between the market price and price mentioned in the undertaking, if any, not being the opportunity cost.
2. Any gain on sale of property, shall be shared by the co-owners in proportion of their respective investment at the time of such sale.

In addition to the above, the co-owner shall be entitled to recover outstanding periodic payment in respect of the period for which the other co-owner has actually used or possessed the asset which shall be payable to such co-owner.

All other terms and conditions as are essential to coownership, Ijarah and sale shall be fulfilled in respect of different stages in the process of DM arrangement.

Proportionate share of each co-owner must be known and defined in terms of investment. Expenses incidental to ownership may be borne jointly by the co-owners in the proportion of their co-ownership. Loss, if any, shall be borne by the co-owners in the proportion of their respective investments.

Use of Diminishing Musharaka

Having a share of 25.4% in Islamic Banking Industry of Pakistan, Diminishing Musharaka is currently second most utilized mode of finance after Murabaha.

This mode is being used in Commercial/Corporate, SME and Consumer sectors wherein products for Auto, Housing, Machinery and Equipment etc. are offered.

Introduction of SBP Shariah Board Member Dr. Mahmood Ahmed Ghazi

Dr. Mahmood Ahmed Ghazi is a brilliant academic, a renowned research scholar and jurist who has authored many works on different topics and in various languages including a translation of the Seerah of Prophet (SAW) from French to English; such is the breadth of his expertise and skill. Dr. Mahmood Ahmad Ghazi completed his Darse-Nizami in 1966 and did PhD in Islamic Studies from Punjab University, Pakistan. He was member of The Council of Islamic Ideology (CII) from 1990 to 93 and 1997-2000, Federal Minister for Religious Affairs, 2000-2002, Member, Religious Board of Mudaraba Companies 1990-94, Juris consult of Federal Shariat Court 1980 to date and Judge (Adhoc Member) Shariat Appellate Bench Supreme Court of Pakistan 1998-1999. He has given his well researched opinion about the most burning issue in Pakistan i.e. Usury, which is prohibited in Islam.

He also worked as Vice President (Academics), International Islamic University, Islamabad, Pakistan. He has attended more than hundred conferences nationally and internationally. He is author of more than 23 famous books in the area of Islamic Law, Muslim political thought, Islamic Resurgence, Islamic Economics and Islamic Education.

Dr. Ghazi has huge teaching experience from 1967 to date. He also wrote over 100 articles on the various topics of Islamic studies and Islamic finance. He is member of Arab Academy, Damascus, Syria. He is member of Board of Trustees, Ibn-e-Rushd Islamic University, Codoua, Spain. He is master of many languages including Arabic, Urdu, English, Persian and French. He is also memorizer of The Holy Quran. Presently he is on the Shariah Board of Bank of Khyber and Professor of Shariah in Faculty of Islamic Studies of Qatar Foundation, Doha, Qatar.

Status: Chairman and Shariah Scholar SBP Shariah Board since its inception i.e. 2003 to date

Date of Birth: 18 September 1950

Early Education: In traditional Madrasahs in Karachi and Rawalpindi including the well-known Jami'atul Ulum al-Islamiyyah, Binnori Town, Karachi

Doctorate: University of the Punjab, March, 1988, Faculty of Oriental Learning.

Title of the Thesis: "The Sanusiyyah Movement of North Africa-An Analytical Study".

Previous Assignments:

1. Director General Da'wah Academy
2. Director General, Shari'ah Academy
3. Vice President, International Islamic University, Islamabad
4. Adhoc Member, Shari'at Appalette Bench, Supreme Court of Pakistan
5. Member, National Security Council of Pakistan
6. Minister for Religious Affairs, Government of Pakistan
7. President International Islamic University

Present Assignment: Professor of Islamic Law, Faculty of Islamic Studies, Qatar Foundation, Qatar,

Publications around 23 in Urdu, English and Arabic.

These include:

1. The Sanusiyyah Movement of North Afric
2. Revivalism and Renaissance in Muslim India
3. Muhadart-i- Quran
4. Muhadarat-i-Hadith
5. Muhadarat-i-Fiqh
6. Muhadarat-i-Seerat
7. Islam Ka Qanun Bain al- Mamalik
8. Adab al-Qazi



DEVELOPMENT AT ISLAMIC BANKING DEPARTMENT, STATE BANK OF PAKISTAN

IFSB Annual Event

Governor SBP Dr. Shamshad Akhtar is the chairperson of Islamic Financial Services Board (IFSB). Annual events of IFSB have been planned in October end this year. In this regard renowned speakers from the world have been invited for IFSB Public Lecture Session, IRTI conference and other seminars.

Following is an up-date of this event:

- A webpage for this event has designed with the help of ISTD and is available at <http://www.sbp.org.pk/ibd/IFSB.htm>
- Meetings were held with External Relations Department to finalize the media coverage
- To facilitate the paper presenters in obtaining Pakistan Visa Letters were sent to High commissions of Pakistan in India, Bangladesh, Indonesia, requesting them to facilitate respective paper presenter in visa relating issues.
- PBA was advised to sent the list of prospective participants/delegates for IFSB/IRT I Event.
- Security plans were discussed with Internal Bank Security Department.
- Manager printing press was requested to print event folder, IRTI papers, other material to be placed in event kit.
- Meetings were held with administration of Sheraton Hotel to follow-up the proceeding.

IFSB Global Prudential Database

IFSB has formed a task force to gather information about Islamic banking worldwide. The database

project was initially adopted in the 5th IFSB council meeting held in Jeddah, Saudi Arabia on 22nd December 2004. In that meeting, the council had passed a resolution mandating the IFSB Secretariat to undertake an initiative towards establishing a global prudential database of Islamic financial services statistics. In this connection a "Taskforce on Prudential Islamic Finance Database" formed.

The project was then divided into three phases:

Phase I of the project was completed and the Compilation Guide on Prudential and Structural Islamic Finance Indicators for banking and Near-Banking Institutions has been published, which has set guiding principles for data collection and processing.

Second stage of the project is compilations of data and metadata for further research, statistics and/or reference for other projects. In second stage so far metadata survey has been completed to access the data availability and comparability, for which five countries were selected for a pilot project including Pakistan.

IBD has submitted metadata and required financial data to IFSB for further processing.

Shariah Board's meetings

The 21st meeting held on May 05, 2008 in Karachi. Amongst others, adoption/implementation of AAOIFI's Shariah Standards on Murabaha, Mudaraba & Ijarah were discussed.

22nd Meeting of the Shariah Board was held on 3rd July, 2008. Issues relating to Commodity Murabaha, Shariah Advisors' Conflict of Interest were discussed.

Following matters also came under discussion: Shariah Approval of GoP Sukuk was given by sub committee of the Shariah Board.

Comments on exposure drafts of IFSB

Comments on two exposure drafts (Capital Adequacy requirement for Sukuk securitization and real estate investment and guiding principles on governance for Islamic collective investment scheme) were sent to secretary General IFSB.

IFSB Capital Adequacy Standard

Meetings were held with all Islamic Banking Institutions to discuss issues observed during

scrutiny of returns / data submitted by them regarding Impact study on IFSB Capital Adequacy Standard.

Enforcement framework for Islamic banks

Enforcement framework for Islamic banks was taken as developmental project, which has been completed and sent to OSED for their consideration.

Compilation of Shariah Rulings

Islamic Banking Department is working on Compilation of Shariah Rulings. In this regard Islamic Banking Institutions have been advised to submit different Shariah Rulings, which were given by Shariah Adviser in day to day matters of Islamic Banking.

Awareness program

An Awareness/training Program for officers of various departments of SBP was arranged from

May 05 to May 10, 2008 at LRC. Total 26 officers participated in this program. Various leading speakers from SBP and industry gave presentations on different topics of Islamic Banking.

Miscellaneous

Three officers of Islamic Banking Department were nominated to attend 3-week Islamic Banking Course from May 26th to June 14th 2008 at NIBAF Karachi.

The Governor gave approval of the Strategy Paper for development of Islamic banking industry. The said paper is now being finalized for publication. This will set guiding principals for Islamic Banking Industry for next five years. According to estimates Islamic Banking Industry would achieve Insha'Allah 12% share in next 4-5 years.

Province wise break-up of Islamic Banking Branch Network (As of August 11, 2008)

Bank Name	Azad Kashmir	Balochistan	Federal Capital	NWFP	Punjab	Sindh	Grand Total
Al Baraka Islamic Bank B.S.C. (E.C.)	1		1	3	10	5	20
BankIslami Pakistan Limited	1	5	1	1	10	19	37
Dawood Islamic Bank Limited			1		6	7	14
Dubai Islamic Bank Pakistan Limited			1	1	11	7	20
Emirates Global Islamic Bank Limited		1	2	2	11	8	24
Meezan Bank Limited	1	3	6	12	52	39	113
Sub-Total	3	9	12	19	100	85	228
Islamic Banking Divisions of Conventional Banks							
Askari Bank Limited		1	1	1	8	3	14
Bank AL Habib Limited		1			2	1	4
Bank Alfalah Limited			2	2	19	9	32
Habib Bank Limited						1	1
Habib Metropolitan Bank Limited					1	3	4
MCB Bank Limited			1		4	3	8
National Bank of Pakistan				1	1	1	3
Soneri Bank Limited			1		1	2	4
Standard Chartered Bank (Pakistan)			1	1	3	3	8
The Bank of Khyber		1		11	3	2	17
The Royal Bank of Scotland					1	2	3
United Bank Limited				1	3	1	5
Sub-Total		3	6	17	46	31	103
Sub-Branches							
Dawood Islamic Bank Limited						1	1
Dubai Islamic Bank Pakistan Limited				1		1	2
Meezan Bank Limited				2	1	4	7
Sub-Total				3	1	6	10
Grand Total	3	12	18	39	147	122	341



HSBC Amanah to Launch Pilot Islamic Microfinance Program

<http://www.cpifinancial.net/v2/News.aspx?v=1&aid=768&sec=Islamic%20Finance>
July 17, 2008

HSBC Amanah has entered into a partnership with Islamic Relief, a major international relief and development charity to offer a pilot Islamic microfinance scheme in Pakistan. HSBC Amanah will provide funding towards Islamic Relief's microfinance projects in Rawalpindi, Pakistan. It will also assist Islamic Relief as required in developing the Shari'ah structure for financing models and contracts and providing Islamic finance training to Islamic Relief staff.

Islamic Relief will, in turn, manage microfinance projects, identify and screen beneficiaries, set out eligibility criteria, encourage entrepreneurs to come forward with business ideas for investment and provide financial and social reports to HSBC Amanah. Islamic Relief is an independent Non-Governmental Organisation (NGO) which was founded in the UK in 1984 by Dr Hany El Banna. As well as responding to disasters and emergencies, Islamic Relief promotes sustainable economic and social development by working with local communities - regardless of race, religion or gender. Islamic Relief works in four main sectors: emergency relief, development, orphans and waqf.

Islamic Banking to be 12% of Financial Sector in 3-5 years

http://www.dailytimes.com.pk/default.asp?page=2008%5C01%5C11%5Cstory_11-1-2008_pg5_9
January 11, 2008

KARACHI: It is predicted that in three to five years time, Islamic banking sub sector will be 12 percent of the total value of the financial sector in Pakistan which will help the global Islamic sector to exceed

\$1 trillion mark.

This was revealed in the research studies presented by Mckinsey and MTI Consulting, two consulting companies at the World Islamic Banking Conference held in Bahrain recently, said a press release issued here Thursday.

High growth will be fueled by adoption of Sharia compliant banking products by the wider population than being restricted to a niche core group such as Muslims strata, as has been the case in Malaysia where Chinese are among the major consumers, they said.

They further said the rapid development of the Sukuk (the bonds market) as a corporate finance tool has drawn industry attention over the last year, with more complex bonds and related derivatives expected in the market.

The successful development of a robust and resilient Islamic financial system depends on the ability to integrate its various components including the Islamic banking industry, Takaful (an alternative to insurance), and the money and capital markets, the research suggested.

Of equal importance is the marketing and branding of the salient features of the Islamic financial service to reach the target, the two companies said. The six Islamic banks have been established with support from leading financial institutions from the Gulf Coordination Committee (GCC). This is also a justification of the tremendous investment opportunities and the growing interest of Sharia compliant foreign investors in Pakistan.

Sukuk Holding Limit for SLR Raised to 7pc

<http://www.dawn.com/2008/06/11/ibr4.htm>
June 10, 2008

The State Bank of Pakistan has raised the limit of Sukuk holding for SLR purposes from 5 per cent to 7 per cent and also declared Term Finance Certificates (TFC) of electric companies acceptable for the same purpose.

The latest move of the SBP was to facilitate banks facing liquidity shortage. The SBP in its mid-term monetary policy further tightened the grip over

liquidity in the banking system. In the same monetary policy Statutory Liquidity Requirement (SLR) and Cash Reserve Requirement (CRR) were raised. "It has been decided to raise the limit on total sukuk holding for SLR purposes from 5 per cent to 7 per cent of total Time and Demand Liabilities with immediate effect," said a SBP circular issued on Tuesday. "However, individual holding in sukuk of one issuer will be limited to 5 per cent of total Time and Demand Liabilities," said the circular.

Maybank to Pay Up to 60.3 Billion Rupees for MCB Bank

<http://www.bloomberg.com/apps/news?pid=20601080&sid=aFHcsJCCZZsY&refer=asia>
May 5, 2008

Malayan Banking Bhd., Malaysia's biggest bank, agreed to pay as much as 60.3 billion rupees (\$922 million) for 20 percent of Pakistan's MCB Bank Ltd., its third overseas acquisition this year to counter slowing growth at home. Maybank will buy 15 percent of Pakistan's biggest bank by value for 44.3 billion rupees, or 470 rupees a share, it said in a statement today. The price is an 11 percent premium to MCB's May 2 closing price. The bank also has the option to buy an additional 5 percent at as much as 510 rupees a share, it said. The acquisition, which would be Pakistan's biggest foreign banking investment, will help Maybank close the lead of rival Bumiputra-Commerce Holdings Bhd., which has expanded in overseas markets as Malaysia's economic growth slows. The latest takeover brings Maybank's total spending for acquisitions to \$3.8 billion this year, prompting the need for the bank to raise more capital to keep it above the levels required by the central bank.

"Maybank has been a laggard, they're playing catch-up with their rivals," said Pankaj Kumar, who manages about \$460 million as chief investment officer at Kurnia Insurans Bhd. in Petaling Jaya, outside Kuala Lumpur.

"There's not much you can do in Malaysia; you have to seek other countries where growth seems to be apparent. That would make sense."

The stake will be bought from Nishat Group, which runs businesses ranging from cement to textile in

Pakistan, Maybank said. Nishat will remain the biggest shareholder, with a 32 percent stake in MCB, after the acquisition, Soofian Zuberi, managing director of Asia equity capital markets at Merrill Lynch & Co., Nishat and MCB's financial adviser on the purchase, said in a telephone interview. The bank is buying the MCB stake at 5.1 times book value, twice the average 2.2 times for Pakistan banks, data compiled by Bloomberg shows. The price is 15 times the Karachi-based bank's earnings in 2008, Maybank said. The estimated price-earnings ratio for the Karachi Stock Exchange KSE100 Index is 16.5 times, Bloomberg data shows.

The investment will position Maybank in a high growth and under-penetrated banking market with a large population," according to the statement. The bank will appoint two directors on MCB's board and expand its Islamic banking and credit cards services, Maybank said. Maybank is expanding overseas to tap growth in less-developed economies. Malaysia's economic expansion is set to slow to as little as 5 percent this year from 6.3 percent in 2007. That compares with Pakistan, with a population more than six times that of Malaysia's, which forecasts its economy will expand 6 percent this year. MCB is Pakistan's most profitable bank, Maybank said, with return on average equity of 38 percent and net interest margin, which measures loan profitability, of 8 percent. The bank has a market share of 8 percent in terms of assets and has 1,026 branches across the country, 300 automated-teller machines and more than 4 million customers.

Maybank Plans Stake in Takaful Company

<http://www.dawn.com/2008/06/26/eb9.htm>
Jun 26, 2008

Malaysia's Malayan Banking Bhd, the country's largest in asset terms, plans to buy a 30 per cent stake in Pak-Kuwait Takaful Company Ltd, the Malaysian lender said on Wednesday. Pak-Kuwait Family Takaful is in the process of applying for licence from the authorities in Pakistan to operate the family takaful (Islamic insurance) business, it said. It is a joint venture between Pak-Kuwait Investment Company Private Ltd, Allied Bank Ltd and Saudi Pak Industrial and Agricultural

Investment Company Limited, Maybank said in a statement.

Rs.5bn Musharaka Facility for Qasim International Container Terminal

<http://www.dawn.com/2008/05/16/ebr2.htm>
May 15, 2008

KARACHI: The National Bank of Pakistan (NBP) has arranged Rs5 billion syndicated Islamic finance facility for the expansion of Qasim International Container Terminal (QICT). The Musharaka facility has been jointly advised and arranged by the NBP, Dubai Islamic Bank and Standard Chartered Bank.

NBP President Syed Ali Raza and QICT Chief Executive Officer Changez Hassan Niazi signed the agreement. Speaking on the occasion, the NBP president said that his bank was arranging syndicated Islamic financing for large infrastructure development projects to take these facilities at par with international standards.

This is the first Musharaka of this size in the country. The actual finance requirement of this project is Rs10 billion, but the banks are financing a portion of the transaction, he added. He said that this facility is for six years. Ali Raza said that banks have become strong enough in Pakistan to finance mega projects. However, he said that commercial banks should not be financing mega projects and it is the role of capital market. Notwithstanding, mega project with a financial requirements of Rs20 to 30 billion should be funded through hybrid facilities, involving multilateral funding institutions. Changez Niazi said that the financial facility will be used to double the cargo handling capacity of the QICT from 800,000 to 1.6 million twenty feet equivalent units (TEUs) containers. "We will build a new 675-meter-long berth with 13.5 meters draft at the port for this purpose to accommodate large vessels," he added

MBA in Islamic Banking and Finance

http://www.thenews.com.pk/daily_detail.asp?id=126009
July 24, 2008

Rawalpindi: Meezan Bank Limited and Riphah International University, Tuesday signed a memorandum of understanding (MoU) to collaborate for launching an industry focused MBA programme

in Islamic Banking and Finance, says a press release.

The MoU was signed by the Vice Chancellor of Riphah International University Professor Dr. Anis Ahmed and the Shariah Advisor of Meezan Bank Limited Dr. Imran Usmani at Al-Meezan campus of Riphah International University in Rawalpindi on behalf of their respective organisations.

The collaboration is aimed at developing professionals with specialization in Islamic Banking and Finance which is gaining unprecedented acceptance and growth not only in Pakistan but internationally as well. The programme will help to overcome the dearth of qualified and trade professionals in this particular field in Pakistan and other countries interested in Islamic banking and finance.

Under the MoU the Meezan Bank Limited will collaborate with Riphah International University in curriculum designing for Islamic Banking and Finance courses. It will also assist in formation of an international advisory board to guide the university in conducting the Islamic banking and finance electives. Riphah International University will be responsible for designing and running the program of MBA as per specifications of the advisory board and HEC guidelines.



Islamic Finance Urged to Align Standards

<http://www.dawn.com/2008/05/15/ebr3.htm>
May 15, 2008

AMMAN: The biggest challenge facing the Islamic finance industry's integration into the global financial system was harmonizing standards to sustain its continued rapid growth, central bankers and executives said on Wednesday. The fifth Islamic Financial Services Board (IFSB) summit attended by top bankers, regulators and central bankers, was told that the financial sector, whose assets are growing at an annual pace of 20 per cent, required the adoption of global standards of risk management and governance.

Shamshad Akhtar, Governor of the State Bank of Pakistan, told participants Islamic finance should position itself to cope with the coming challenges which greater integration posed. "It has to be recognised that financial globalisation can have unintended negative consequences..." Akhtar said. Although Islamic banks' ability to withstand risk was higher than conventional banking with its transactions based on real economic activity than speculation, it would still be hurt from a global recession, he added.

Mitigating the negative impact of wider exposure to the international financial system required promotion of different types of risk sharing methods with greater equity and asset backed financing, Akhtar said. Akhtar said the greater internationalisation of sukuk would not only widen the integration of Islamic finance into the global financial system but meet the growing project finance needs of Islamic countries. Meeting these challenges would allow Islamic finance to better compete with conventional financial institutions by drawing a bigger share of the Arab Gulf's investable petrodollars that now exceeds \$2.3 trillion.

First Islamic Equity Product Launched in UK

<http://www.zawya.com/Story.cfm/sidZAWYA20080623034138/secIndustries/pagIslamic%20Finance>
June 23, 2008

The London-based ABC International Bank's Islamic Asset Management (IAM) entity, both of which are subsidiaries of the Bahrain-based consortium bank, Arab Banking Corporation (ABC), has launched the first retail Shariah-compliant capital protected equity product in the UK under its 'Alburaq' brand. The savings product, which has a minimum subscription of just £500 and is a Shariah-compliant alternative to a conventional guaranteed equity bond, adds to an increasing number of retail Islamic financial offerings in the UK market, which now includes mortgages, Takaful (insurance), pensions, current and deposit accounts and even escrow accounts for money transfers. Other Shariah-compliant retail products in the process of being launched include ISAs (investment savings accounts) and child trust accounts.

The government of Prime Minister Gordon Brown has been very supportive of developing the Islamic finance sector under the Labor Party's social and financial inclusion policies. At the same time, it is the stated policy of the UK to develop London into an international hub for Islamic finance, investment and trade. Only yesterday at the Jeddah oil summit, Brown reiterated that oil producers in the GCC states should divert some of their record liquidity surpluses to investment in the developed countries in renewable energy initiatives and other sectors. These funds could be channeled through sovereign wealth funds; through conventional or Islamic capital flows. Bahrain-based Arcapita Bank, for instance, was one of the first Islamic financial institutions to invest in alternative energy in the UK in a wind farm project developed by Innogy.

The UK Treasury and Financial Services Authority (FSA), however, are only too aware that the Islamic finance industry in the UK needs to improve customer access and awareness of Islamic retail financial products. UK Economic Secretary and City Minister Kitty Ussher, who is effectively in charge of Islamic finance at the treasury, at a meeting of the Islamic Finance Experts Group (IFEG) at the treasury earlier this year, stressed that "the UK is at the forefront of developments in Islamic finance and London continues to seize new opportunities. We have made tremendous inroads in the wholesale markets...But there is also an

important domestic market, which we want to be accessible and open.

Noor Islamic Bank Opens Office in Tunisia

<http://www.zawya.com/story.cfm/sidZAWYA20080622042627>
June 22, 2008

Noor Islamic Bank PJSC (UAE) announced the opening of a representative office in Tunisia to offer banking services in the North African countries. The regional office is located on Hadrumete Street, 2 Mutuelleville in the capital Tunis. It will focus mainly on investment and corporate banking and will also channel investment opportunities from the GCC into North Africa, including Egypt, Libya, Algeria, Morocco, Tunisia and Mauritania.

Dubai Taps Fund Talent

http://online.wsj.com/article/SB121383953187687203.html?mod=googlenews_wsj
June 19, 2008

In the latest effort to meld Wall Street with Islamic law, an arm of the Dubai government is investing in five wellknown U.S. hedge-fund managers that will employ trading strategies conforming to religious strictures. The five managers will evenly split \$250 million to make investments that comply with shariah, or Islamic law. They will invest in commodity-related stock strategies ranging from gold to agriculture. The announcement underscores the race to tap the burgeoning oil wealth of the Persian Gulf, and in particular, that of observant Muslim investors.

Uganda: Interest Free Islamic Bank Set to Open

<http://allafrica.com/stories/200806180638.html>
June 18, 2008

Uganda will soon to host the first Islamic bank in the country. National Islamic Bank of Uganda (NIBoG) is set to join the country's banking competition in the next few months.

Mr Ahmed Dagher, the chairperson of the National Bank of Commerce and President of the International Investment House based in United Arab Emirates, said: "We are proud to announce the formation of the NiCoB in Uganda so as to bring to this country equity banking." This was during the Organisation of the Islamic Conference (OIC) Business Forum on June 16.

Barclays Capital, Dubai to Back Shariah-Compliant Hedge Funds

<http://www.bloomberg.com/apps/news?pid=20601102&sid=ANCxEehqQf24&refer=uk>
Jun 18, 2008

Blackrock Inc., the largest publicly traded U.S. money manager, and Ospraie Management LLC, are among five companies that will start Shariah-compliant hedge funds based in Dubai. The funds will get \$50 million each in so-called seed capital from the Dubai Multi Commodities Centre Authority, a government-backed agency. Barclays Capital, securities unit of Britain's fourth-largest bank, will also back the funds said Frank Gerhard, the bank's head of fund-linked derivatives strategy in an interview.

Shariah Investments to Soar, Says FTSE

<http://www.ftadviser.com/FinancialAdviser/Investments/News/article/20080619/80348c6e-3b9f-11dd-b45c-0015171400aa/Shariah-investments-to-soar-says-FTSE.jsp>
June 19, 2008

Demand for Shariah investments is set to grow by one trillion US dollars by the end of the year, according to FTSE, which has launched a new index series for the market. The indices provider's Shariah Global Equity Index Series has a net capital value of more than US\$16,000 trillion across 18 Super sectors. Any businesses which provide non-Islamic financial services like banking and insurance are barred from the series, along with all companies involved in non-halal foods, alcohol, gambling, pornography, tobacco and arms manufacturing. To meet Muslim financial laws debt as well as cash and interest bearing items from the investments are kept below a third of the total asset value. And total income from interest and non-compliant activities do not exceed five per cent of total revenue.

Japan's Interest in Islamic Finance Grows

http://www.gulfnews.com/BUSINESS/Banking_and_Finance/10221775.html
June 18, 2008

Japan's Financial Services Agency says it recognises the need for its financial institutions to become competitive in the area and there are amendments to the banking law slated to be in place within about six months that should make it easier, at least for these institutions' subsidiaries, to become more involved in this area of finance.

Toyota announced a planned foray into the Islamic bond market, saying it intended to issue M\$1 billion

(\$306 million) to raise funds for its auto leasing and loans business in Malaysia. Daiwa Asset Management has launched the Singapore Stock Exchange's first Sharia-compliant exchange traded fund, called the Daiwa FTSE Shariah Japan 100, which includes Japan's top 100 Sharia-compliant companies by market capitalisation, and screened by Yasaar, according to a press release. Mitsubishi UFJ says it is preparing for when Japanese legal amendments are in place and has been building up a team in anticipation of these changes.

Standard & Poor's has a Japan 500 Sharia index, which is part of the family of S&P Sharia index series, and Sharia compliant.

ICMA Centre launches new degree in Investment Banking and Islamic Finance in the UK

<http://ribh.wordpress.com/2008/06/13/icma-centre-june-13,2008>

The ICMA Centre has launched a new MSc in Investment Banking and Islamic Finance. This degree is a first in the UK and is taught jointly with INCEIF (International Centre for Education in Islamic Finance) in Kuala Lumpur. The full-time (12 months) MSc is the first in the UK to use Islamic material taught by Islamic specialists and aims to capture the increasing demand for the subject with an academic base and practical orientated views on issues such as Islamic Finance, Economics and Law. Students will benefit from having the opportunity to spend three months studying in Kuala Lumpur and study alongside Islamic Finance professionals. Agil Natt, President & Chief Executive Officer of INCEIF said "Our unique mission is to elevate and advance the practice of Islamic finance globally. We aim to do this by being the knowledge leader in Islamic finance not only from the religious aspect but also from the ethical perspective to everyone, from KL to Dubai, Tokyo, London and the rest of the world, irrespective of faith and creed."

Korean Banks to Tap Oil Money via Islamic Finance

<http://ribh.wordpress.com/2008/06/09/korean-banks-to-tap-oilmoney-via-islamic-finance/>
June 13, 2008

Korean regulators are seeking to revise laws to help local banks and brokerages tap the fast-growing Islamic financial market. The Financial Services Commission is planning to develop ways to allow local firms to trade Islamic financial products

by next month. It will hold a seminar on Islamic finance with the Islamic Financial Services Board, a Kuala Lumpur-based standard-setting organization, in Seoul next January. Korean companies have been effectively banned from advancing into the capital market in the Middle East because of the Islamic regulatory regime. The Islamic law prohibits interest payments in financial transactions, so debtors pay quasi-interest in the form of dividends or commissions to lenders instead. The complex rules conflict with Korean financial and accounting standards, making it difficult for Korean banks to tap Islamic markets. But local players have been eager to advance into the Islamic capital market chasing the region's ample petrodollars.

Muslim Businessmen Ask Government to Start Islamic Banking in India

<http://islamicfinancenews.wordpress.com/2008/05/20/muslimbusinessmen-ask-government-to-start-islamic-banking-in-india/>
May 20, 2008

Some leading Muslim businessmen from Uttar Pradesh have asked the government to allow Islamic banking in India. In this regard, a proposal has been submitted to the Planning Commission by them for setting up Islamic Development Bank, which would not charge interest on loans etc, under Islamic norms.

Islamic Development Bank is headquartered in Jeddah, Saudi Arabia, and it does not run from the interest income. Also, the money from the bank can not be used for financing businesses related to liquor, pornography etc. This is being run by the Organisation of Islamic Countries. "There is a need to open such banks in India as Islam considers interest as 'haraam' (unethical) and therefore, Muslims are reluctant to take loans from the banks as interest is charged in such banks," member of Islamic Development Bank Mohammad Ishaak told PTI.

He said one of the reasons for widespread poverty among Muslims was that they were not open to taking loans from the banks. He added that 14 crore Muslims of the country will be able to do business once they start getting interest-free loans.

Kyrgyzstan Keen To Learn Malaysia's Model Of Islamic Economy

http://www.halalfocus.com/archive/2/publish/asia/Kyrgyzstan_Keen_To_Learn_Malaysia_s_Model_Of_Islamic_Economy.shtml
June 28, 2008

The Kyrgyzstan government plans to introduce takaful (Islamic insurance), Islamic bond and production of halal products after having introduced Islamic banking one and-a-half years ago, said Shamil M. Murtazaliev, advisor to the president of Kyrgyz Republic. "We want to adopt the Malaysian model of Islamic economy including how to manage haj pilgrims under a specialised body," he said.

The republic has undertaken a pilot project to implement Islamic bank as part of the republics adoption of a dual banking system comprising Islamic and conventional. The conversion was assisted by two experts, one of whom is a Malaysian. It is now the most profitable bank among Kyrgyzstan's 22 banks, he said.

Sukuk Bonds Can Attract Billions of Pounds

http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=40631&Itemid=2
June 06, 2008

LONDON: Muslim Council of Britain, UK's largest Muslim umbrella body, has appreciated the British Government's latest initiative to continue supporting the issuance of Sukuk bonds. In a statement, MCB said Sukuk can attract billions of pounds into the UK economy while welcoming the Government newest move to solidify London's reputation as the Western hub for Islamic finance.

In response to a recent announcement by the Government economic official to hold consultation on sterling Sukuk issuance, the MCB said it continues to make available its resources to support the Government's work on Islamic finance.

The Business and Economics Committee of the MCB has responded to all consultations by the UK Government on the proposed Sukuk issuance, drawing upon its members who include market-leading professionals some of whom are also members of the HM Treasury Islamic Finance Experts Group and the HMRC Islamic Finance Technical Committee.

Welcoming the announcement on Sukuk, MCB Secretary-General Dr Muhammad Abdul Bari said, "The process of consultation and robust analysis by the Treasury show that the UK Government wishes to create a Sukuk that has the potential to become a market-standard, rather than merely rushing to be the first to market. The careful analysis and transparent wide consultation by Treasury is a beacon for an industry which some

fear is running before it can walk". However, he pointed out just as the process of consultation by Treasury has been transparent and commendable, any resulting Sukuk must be equally transparent. "Muslims are rightly concerned that the proceeds of any Sukuk issuance must not be used to fund activities that are not Shariah compliant. That would be contrary to industry standards and would undermine the valuable hard work undertaken the Government to date" he added.

The Business and Economics Committee of the MCB recently led a delegation of over 35 professionals to the 4th World Islamic Economic Forum in Kuwait to promote the achievements and know-how of Britain in the field of Islamic finance and governance for the social and economic development of Muslim countries.

Global Shariah Asset to Reach US\$2 Trillion by 2010

<http://islamicfinancenews.wordpress.com/2008/06/07/globalshariah-asset-to-reach-us2-trillion-by-2010/>
Jun 7, 2008

The Islamic Development Bank predicts global Shariah financial asset grows by 20% per annum to US\$2 trillion by 2010 from the current US\$900 billion, thanks to oil price fluctuation and sub-prime mortgage crisis. Executive Governor of the IDB for Malaysia Dato Ahmad Husni Mohammad Hanadzlah argued the sub-prime crisis and oil price fluctuation had made investors shift from established financial instruments to safer and more transparent Shariah-based ones.

Disclaimer: The news section of Islamic Banking Bulletin is based on information obtained from local and international print and electronic media.

Islamic Banking Branch Network

As of August 11, 2008

Number of Licensed Islamic Banking Branches		
Sr. No.	Name of Bank	Branches
Full Fledge Islamic Banks		
1	Meezan Bank Ltd	113
2	AlBaraka Islamic Bank BSC (EC)	20
3	Dubai Islamic Bank Pakistan Limited	20
4	BankIslami Pakistan Limited	37
5	Emirates Global Islamic Bank Limited	24
6	Dawood Islamic Bank Limited	14
	Sub Total	228
Standalone Islamic Banking Branches		
7	Bank Alfalah Ltd	32
8	MCB Bank Ltd	8
9	Bank of Khyber	17
10	Habib Metropolitan Bank	4
11	Habib Bank Ltd	1
12	Standard Chartered Bank	8
13	Bank Al Habib	4
14	Soneri Bank Ltd	4
15	Askari Bank Limited	14
16	National Bank of Pakistan	3
17	United Bank Ltd	5
18	The Royal Bank of Scotland	3
	Sub Total	103
	Grand Total	312
Sub Branches		
A	Dawood Islamic Bank Limited	1
B	Dubai Islamic Bank Pakistan Limited	2
C	Meezan Bank Ltd	7
	Sub Total	10
	Grand Total	341

City-wise breakup of Islamic Banking Branches

As of August 11, 2008

S.No	City	No. of Branches	S.No	City	No. of Branches
1	Abottabad	4	28	Mirpur AJK	2
2	Bahawalpur	1	29	Mirpur Khas	1
3	Banu	1	30	Multan	12
4	Batkhela	1	31	Muslim Bagh	1
5	Chaman	1	32	Muzaffarabad	1
6	Charsadda	1	33	Nawabshah	2
7	Dera Ghazi Khan	1	34	Nowshera	1
8	Dera Ismail Khan	2	35	Okara	1
9	Faisalabad	18	36	Peshawar	19
10	Gujar Khan	1	37	Pishin	1
11	Gujranwala	7	38	Qilla Saifullah	1
12	Gujrat	2	39	Quetta	8
13	Hangu	1	40	Rahim Yar Khan	4
14	Haripur	1	41	Rawalpindi	16
15	Hyderabad	7	42	Sadiqabad	1
16	Islamabad	18	43	Sahiwal	1
17	Kamoki	1	44	Sargodha	2
18	Karachi	107	45	Sheikhupur	1
19	Kasur	1	46	Sialkot	7
20	Khushab	1	47	Sukkur	2
21	Kohat	1	48	Tando Allahyar	2
22	Lahore	67	49	Tank	1
23	Larkana	1	50	Timergara	1
24	Mandi Bahauddin	1	51	Wah Cantt	1
25	Mansehra	3		Grand Total	341
26	Mardan	1			
27	Mingora	1			

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