



ISLAMIC BANKING BULLETIN

April-June 2023

**Islamic Finance Policy Department
State Bank of Pakistan**

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Progress & Market Share of Islamic Banking Industry

Overview

Assets of Islamic Banking Industry (IBI) raised by PKR 586 billion during the quarter April to June 2023, and crossed eight-trillion mark to reach PKR 8,118 billion by end June, 2023. Deposit base of IBI also enlarged by PKR 518 billion during the period under review and stood at PKR 5,870 billion by end June, 2023. On a year on year (YoY) basis, assets and deposits of IBI observed rise of PKR 1,337 billion and PKR 1,014 billion respectively by end June, 2023. Market share of Islamic banking assets and deposits in the overall banking industry was recorded at 19.9 percent and 21.9 percent, respectively by end June, 2023.

During the period under review, net investments and financing of IBI unveiled a quarterly rise of PKR 354 billion and PKR 98 billion, respectively. The market share of investments of IBI in investments of overall banking industry was recorded at 16.1 percent, while the share of financing in advances of overall banking industry stood at 27.6 percent by end June, 2023 (**Table-1**).

Particulars	Period			Yearly Growth (%)			Share in Overall Banking Industry (%)		
	Jun-22	Mar-23	Jun-23	Jun-22	Mar-23	Jun-23	Jun-22	Mar-23	Jun-23
Total Assets	6,781	7,532	8,118	41.4	26.7	19.7	19.5	19.4	19.9
Deposits	4,856	5,352	5,870	27.1	26.0	20.9	20.5	21.5	21.9
Investments (net)	2,672	3,118	3,472	96.1	41.6	30.0	15.0	15.8	16.1
Financing (net)	2,961	3,226	3,324	39.8	19.8	12.3	27.2	27.5	27.6
Number of Islamic Banking Institutions	22	22	22	-	-	-	-	-	-
Number of Branches*	4,086	4,427	4,534	14.0	11.1	11.0	-	-	-
Number of Islamic Banking Windows	1,463	1,832	1,834	(6.3)	29.7	25.4	-	-	-

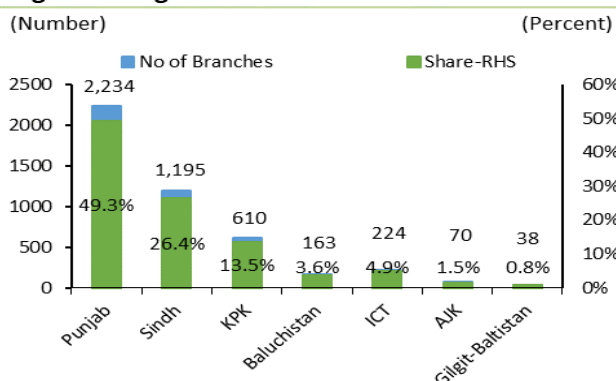
*including sub-branches

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

Branch Network of Islamic Banking Industry

The network of Islamic banking industry comprised of 22 Islamic Banking Institutions (IBIs), including 6 full-fledged Islamic Banks (IBs) and 16 Conventional Banks having Islamic Banking Branches (IBBs) by end June, 2023. During the period under review, 107 branches were added to the branch network of IBI. As a result, the branch network of IBI increased to 4,534 branches (spread across 131 districts of the country) by end June, 2023. **Figure-1** indicates geographical dissemination of branches in

Figure 1: Region Wise Branch Network



Source:SBP

different regions of Pakistan. The number of Islamic banking windows (dedicated counters at conventional branches) operated by IBBs stood at 1,834 by end June, 2023 (**Annexure I**).

Assets and Liabilities Structure

Assets

The increasing trend of IBI's assets continued during the period under review. Assets of IBI reported a strong quarterly rise of PKR 586 billion (7.8 percent) and were recorded at PKR 8,118 billion by end June, 2023. Market share of IBI's assets in overall banking assets stood at 19.9 percent by end June, 2023.

The growth in assets was mainly supported by investments (net), which posted a quarterly rise of PKR 354 billion. Whereas, financing (net) of IBI grew by PKR 98 billion during the period under review. The share of investments (net) and financing (net) in total assets of IBI was recorded at 42.8 percent and 40.9 percent, respectively by end June, 2023 (see section below on **Investments** and **Financing and Related Assets** for details).

Breakup of Assets of IBs and IBBs

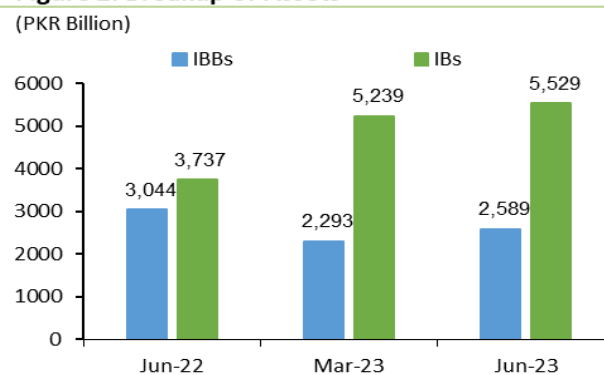
During the period under review, assets of IBs raised by PKR 290 billion and stood at PKR 5,529 billion by end June, 2023. On the other hand, assets of IBBs increased by PKR 296 billion to reach PKR 2,589 billion by end June, 2023. The share of IBs and IBBs in overall assets of IBI was recorded at 68.1 percent and 31.9 percent, respectively by end June, 2023 (**Figure 2**).

Investments

Investments (net) of IBI exhibited a considerable growth of PKR 354 billion (11.3 percent) during the period under review to reach PKR 3,472 billion by end June, 2023. This expansion was primarily due to investments made by IBI in Government of Pakistan domestic Ijarah Sukuk (GIS) during the period under review.

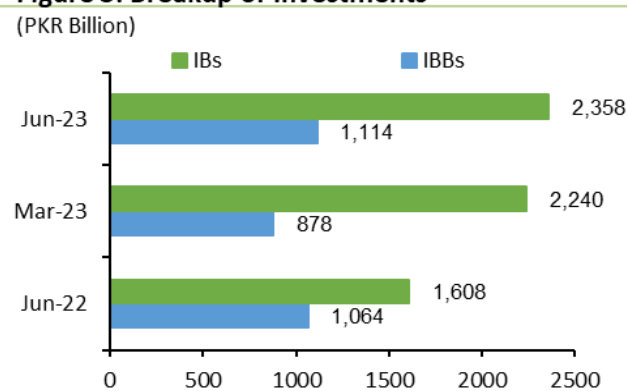
The breakdown of investments (net) portfolio of IBs and IBBs shows that investments of IBs recorded an increase of PKR 118 billion during the period under review and were recorded at PKR 2,358 billion by end June, 2023. While, investments of IBBs expanded by PKR 236 billion to reach PKR 1,114 billion by end June, 2023. The share

Figure 2: Breakup of Assets



Source: SBP

Figure 3: Breakup of Investments



Source: SBP

of IBs and IBBs in overall investments of IBI stood at 67.9 percent and 32.1 percent, respectively by end June, 2023 (**Figure-3**).

Financing & Related Assets

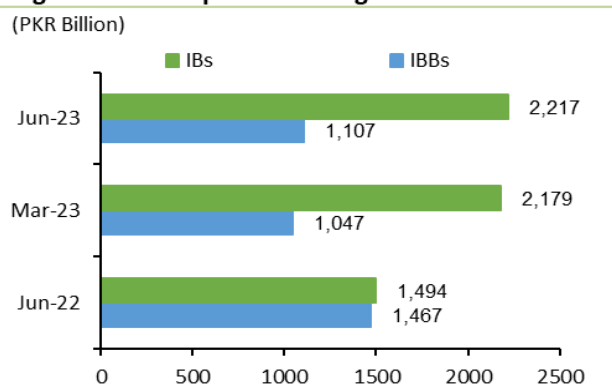
During the period under review, financing & related assets (net) of IBI experienced a rise of PKR 98 billion and were recorded at PKR 3,324 billion by end June, 2023. The market share of financing (net) of IBI in advances of overall banking industry was recorded at 27.6 percent by end June, 2023.

The share of IBs and IBBs in overall financing of IBI stood at 66.7 percent and 33.3 percent, respectively by end June, 2023 (**Figure-4**).

In terms of mode wise financing, the share of Diminishing Musharakah (32.4 percent) remained highest in the overall financing of IBI, followed by Musharaka (25.2 percent) by end June, 2023 (**Table-2**).

Sector wise break-up of financing shows that textile (15.6 percent) and agribusiness (15.4 percent) were two major sectors in terms of their share in the overall financing of IBI by end June, 2023 (**Table-3**).

Figure 4: Breakup of Financing



Source: SBP

Table-2: Mode Wise Financing (Share in %)

Mode	Jun-22	Mar-23	Jun-23
Murabaha	15.6	11.8	13.6
Ijarah	4.7	4.1	3.8
Musharaka	22.9	24.3	25.2
Diminishing Musharakah	33.9	33.6	32.4
Salam	2.1	2.4	2.0
Istisna	8.0	9.5	8.1
Others	12.8	14.3	14.9
Total	100	100	100

Table 3: Sector Wise Financing (Share in %)

	Jun-22	Mar-23	Jun-23	Overall Banking Industry
Chemical and Pharmaceuticals	4.3	4.5	4.8	3.3
Agribusiness	13.5	14.7	15.4	8.8
Textile	15.7	16.2	15.6	15.1
Cement	2.2	2.5	2.5	2.2
Sugar	3.5	4.0	3.3	2.6
Shoes and leather garments	0.4	0.4	0.4	0.4
Automobile and transportation equipment	1.4	1.3	1.2	1.6
Financial	0.5	1.5	1.4	3.3
Electronics and electrical appliances	1.1	0.8	0.7	1.0
Production and transmission of energy	11.5	10.2	10.5	13.8
Individuals	12.4	11.5	10.7	8.9
Others	33.5	32.4	33.5	39.0
Total	100	100	100	100

The breakup of client wise financing shows that the share of corporate sector (66.8 percent) remained highest in overall financing of IBI followed by commodity financing (19.3 percent) and consumer finance (9.4 percent) by end June, 2023. While, the share of SMEs and agriculture financing of IBI remained lower compared to the overall banking industry's share in financing to these sectors (**Table-4**).

Table-4: Client Wise Financing Portfolio (Share in %)

Segment	Jun-22	Mar-23	Jun-23	Overall Banking Industry
Corporate Sector	68.0	68.2	66.8	67.0
SMEs	1.9	1.8	1.7	3.4
Agriculture	0.8	0.9	1.1	3.5
Consumer Finance	10.9	10.0	9.4	6.6
Commodity Financing	16.8	17.4	19.3	12.4
Others	1.6	1.7	1.7	7.1
Total	100	100	100	100

Asset Quality

During the period under review, nonperforming finances (NPFs) to financing (gross) ratio of IBI remained unchanged and stood at 3.2 percent by end June, 2023. However, net NPFs to net financing ratio further declined to (0.01) percent by end June, 2023. Provisions to NPFs ratio was recorded at 100.3 percent by end June, 2023. Like previous quarters, the aforementioned ratios remained relatively better than those of overall banking industry averages (**Table-5**).

Table-5: Assets Quality Ratio (%)

Ratio	Jun-22	Mar-23	Jun-23	Overall Banking Industry
NPFs to Financing (gross)	2.6	3.2	3.2	7.4
Net NPFs to Net Financing	0.3	0.04	(0.01)	0.4
Provisions to NPFs	90.5	98.7	100.3	94.4

Liabilities

Deposits of IBI increased by PKR 518 billion during the period under review to reach PKR 5,870 billion by end June, 2023. The market share of IBI's deposits in overall banking industry deposits increased to 21.9 percent by end June, 2023.

Table-6: Break up of Deposits (Amount in PKR Billion, Growth in %)

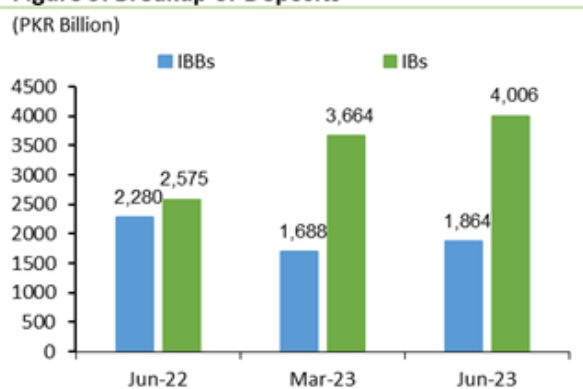
Category	Jun-22	Mar-23	Jun-23	Yearly Growth (%)	Quarterly Growth (%)
1. Customers					
Fixed Deposits	872	830	940	7.8	13.3
Saving Deposits	1,621	1,815	1,986	22.5	9.4
Current Deposits	1,891	2,146	2,277	20.4	6.1
Others	72	116	117	62.5	0.9
Sub-total	4,456	4,906	5,320	19.4	8.4
2. Financial Institutions					
Remunerative Deposits	383	430	524	36.8	21.9
Non-remunerative Deposits	17	16	26	52.9	62.5

Sub-total	400	446	550	37.5	23.3
Total (1+2)	4,856	5,352	5,870	20.9	9.7

Category wise breakup of the deposits shows that all major categories of customers' deposits witnessed a considerable growth during the period under review. Current deposits, saving deposits and fixed deposits increased by PKR 131 billion (6.1 percent), PKR 171 billion (9.4 percent) and PKR 110 billion (13.3 percent), respectively. Similarly, deposits of financial institutions surged by PKR 104 billion (23.3 percent) during the period under review (**Table-6**).

Breakup of deposits of between IBs & IBBs demonstrates that deposits of IBs increased by PKR 342 billion to reach PKR 4,006 billion by end June, 2023. Similarly, deposits of IBBs exhibited an addition of PKR 176 billion and were recorded at PKR 1,864 billion by end June, 2023. The share of deposits of IBs and IBBs in overall deposits of IBI was 68.2 percent and 31.8 percent, respectively by end June, 2023 (**Figure-5**).

Figure 5: Breakup of Deposits



Source: SBP

Liquidity

During the period under review, liquidity ratios i.e., liquid assets to total assets and liquid assets to total deposits further improved and were recorded at 44.6 percent and 61.7 percent, respectively by end June, 2023. Financing to deposit ratio of IBI was recorded at 56.6 percent by end June, 2023. It is important to note that like previous quarters, financing to deposits ratio of IBI remained higher than the overall banking industry average (**Table-7**).

Table-7: Liquidity Ratios (%)

Ratios	Jun-22	Mar-23	Jun-23	Overall Banking Industry
Liquid Assets to Total Assets	40.4	41.2	44.6	59.9
Liquid Assets to Total Deposits	56.4	58.0	61.7	91.2
Financing to Deposits (Net)	61.0	60.3	56.6	45.0

Capital

Capital to total assets and capital minus net NPAs to total assets ratios of IBI were registered at 6.2 percent and 6.1 percent, respectively by end June, 2023 (**Table-8**).

Table-8: Capital Ratios (%)

Ratios	Jun-22	Mar-23	Jun-23	Overall Banking Industry
Capital to Total Assets	5.5	6.0	6.2	5.6
(Capital - Net NPAs) to Total Assets	5.3	5.9	6.1	5.6

Profitability

Profit before tax of IBI was registered at PKR 154.4 billion by end June, 2023. Profitability ratios like return on assets (ROA) and return on equity (ROE) (before tax) stood at 4.0 percent and 66.8 percent, respectively by end June, 2023. During the period under review, operating expense to gross income ratio of IBI declined to 36.9 percent by end June, 2023 (**Table-9**).

Particulars	Jun-22	Mar-23	Jun-23	Overall Banking Industry
Profit before tax (PKR billion)	73.4	63.1	154.4	554.9
ROA before tax	2.4	3.4	4.0	2.9
ROE before tax	42.6	57.3	66.8	50.7
Operating Expense to Gross Income	46.4	39.4	36.9	42.7

Country Model – Democratic Socialist Republic of Sri Lanka

i. Introduction:

Sri Lanka, formerly known as Ceylon, and officially the Democratic Socialist Republic of Sri Lanka, is an island country in South Asia. The country's economy is driven by various industries, including textiles, apparel, tea and tourism, which significantly contribute to its gross domestic product (GDP). As per International Monetary Fund (IMF), Sri Lanka has been facing different economic and social challenges.

ii. Regulatory Landscape:

Under the Banking Act No. 30 of 1988, amended in 2005, Sri Lanka permits commercial and specialized banks to offer Islamic finance products. The Central Bank of Sri Lanka requires these banks to maintain separate books of accounts and to comply with the same regulations imposed on conventional banks.

In 2018, amendments to the Inland Revenue Act subjected both Islamic and conventional finance deals to equal tax treatment. In 2022, the Securities and Exchange Commission (SEC) proposed introducing Sukuk products on the Colombo Stock Exchange with technical assistance from the Asian Development Bank. In 2020, the Colombo Stock Exchange and the SEC introduced and placed into effect a framework of REITs, followed by the launch of the country's first REITs.

iii. Islamic Banking and Finance:

As per IFSB Stability Report 2022, the share of Islamic banking assets in Sri Lanka is merely 0.8 percent of its total banking assets. However, with about 9.7 percent of the total population being Muslim, there is significant demand for Shariah compliant banking and finance. At present, Amana Bank stands as the only fully-fledged Islamic bank in Sri Lanka, whereas six conventional banks having standalone Islamic banking windows also offer Islamic products.

Some non-bank financial institutions are also providing Islamic solutions, such as LOLC Finance, Citizens Development Business Finance (CDB), Commercial Leasing and Finance, People's Leasing Finance, Associated Motor Finance Company, and Richard Pieris Finance, through their Shariah compliant arm.

iv. Sukuk:

Sri Lanka's Sukuk market has seen some developments, with its debut issuance from LOLC Finance's Al Falaah Islamic Business Unit in 2016. Later, CDB issued various tranches of Sukuk Ijarah in 2018. Plans were underway for sovereign Sukuk issuance to diversify the government's foreign funding sources, but progress remains uncertain.

v. Takaful Sector:

In the Islamic insurance sector, Amana Takaful operates as the sole fully-fledged Takaful operator in Sri Lanka. The company obtained SEC approval in 2021 for its convertible debenture issue worth US\$0.8 million— a pioneering feat among non-bank, non-financing, and non-capital market institutions in the country. Conventional players like HNB Assurance, People's Insurance, and LOLC Insurance also offer Takaful on a window basis.

vi. Outlook:

The demand for Islamic financial products, especially financing facilities and Takaful, continues to rise in Sri Lanka. It has the potential to achieve regional significance in Shariah finance since it has been one of the early adopters of the Islamic finance industry, despite having a minority Muslim population. The government's potential utilization of the Shariah finance market to support economic recovery and stability is seen as a positive move by industry experts.

Sources of Information

International Monetary Fund (IMF) {<https://www.imf.org/>}

IMF Country Report No. 23/116 {<https://www.imf.org/en/Countries/LKA>}

Islamic Finance News (IFN) {<https://www.islamicfinancenews.com>}

Islamic Financial Service Board (IFSB) {<https://www.ifsb.org/>}

The Central Bank of Sri Lanka (CBSL) {<https://www.cbsl.gov.lk/>}

Events and Developments at Islamic Finance Group (IFG) – State Bank of Pakistan (SBP)

A. Events

Fundamentals of Islamic Banking Operations (FIBO)

In collaboration with National Institute of Banking and Finance (NIBAF), Islamic Finance Development Department (IFDD)-SBP conducted one (01) iteration of Fundamentals of Islamic Banking Operations (FIBO) program at Gujranwala during May 8 – 12, 2023. The FIBO program is a five-day training course aimed to enhance the capacity of both bankers and non-bankers (Shariah Scholars, Academicians, etc.).

Islamic Banking Branch Operations (IBBO)

During the quarter under review, IFDD-SBP conducted one (01) iteration of Islamic Banking Branch Operations (IBBO) program in collaboration with NIBAF at Mansehra during June 5 – 7, 2023. The IBBO program is a three-day capacity building program and it is especially designed for upscaling capacity levels of Islamic banking branch staff.

Awareness Session for Chambers, Students & Faculty of Different Universities

As an ongoing activity, Islamic banking awareness sessions are being arranged for students, faculty of universities and chambers of commerce. During the quarter under review, three (03) such sessions were conducted at Sir Syed University of Engineering & Technology – Karachi on May 23, 2023, Fatima Jinnah Women University – Rawalpindi on June 1, 2023 and Lahore Chamber of Commerce & Industry on June 5, 2023.

Young Islamic Banking Professionals (Y – IBP) Program

IFDD – SBP in collaboration with Development Finance Support Department, SBP – BSC, has initiated a series of dedicated awareness sessions on Islamic finance for the students of universities to develop them as young Islamic banking professionals. During the review quarter, four Y- IBP sessions were held at Islamabad, Quetta, Gilgit and Chitral on May 15, 2023, June 1, 2023, June 19, 2023 and June 22, 2023 respectively. Under Y-IBP Program, half-day sessions are held to familiarize young students to the fundamentals of Islamic banking. Post each session, a quiz is conducted based on which 7 – 10 students are shortlisted for an opportunity to participate free of cost in the longer duration programs such as FIBO and IBBO. The shortlisted students are also offered 4 – 6 weeks internship at an Islamic banking institution. The aforementioned sessions were attended by around 650 students.

Pilot Workshop on Islamic Finance for Civil Servants

The IFDD – SBP conducted a full – day workshop on Islamic banking & finance for the BPS – 19 officers on June 21, 2023 at the National Institute of Management, Lahore. The workshop was conducted as part of the 33rd Senior Management Course (SMC), wherein, 49 BPS 19 officers eligible for promotion to next grade from various occupational groups of the federal and provincial governments of Pakistan participated. The objective of the workshop was to introduce civil servants to the basics of Islamic banking & finance by addressing misconceptions surrounding Islamic finance.

Islamic Banking News (Local & International)

Pakistan opens regulatory sandbox applications with focus on Shariah digital finance solutions

The Pakistani Islamic fintech sector is expected to get a boost as the Securities and Exchange Commission of Pakistan (SECP) will be accepting applications for testing in the fourth cohort of the regulatory sandbox from the 2nd May 2023 and will remain open for application submission until the 31st May 2023, as the regulator looks to continue promoting innovation in the Islamic fintech sector and encouraging start-ups. The fourth cohort is divided into two segments: Islamic finance and conventional finance. In the Islamic finance segment, ideas related to Shariah compliant digital finance, Shariah compliant products, new Takaful models and digital intermediation in regulated Islamic financial services will be preferred.

<https://ifnfintech.com/>

IsDB Group convenes in annual meetings and approves US\$1.66 billion financing on first day to “fend off crises”

The IsDB Group has approved and signed major agreements to finance projects that focus on sustainable and inclusive growth and infrastructure development in its member countries amounting to a total of US\$1.66 billion, on the first day of the group’s 48th Annual Meetings. As per the decision of the board of directors, the IsDB will contribute EUR270.57 million (US\$296.86 million) to Phase 2 of the Rural and Peri-Urban Housing Finance Project in Bangladesh, which aims to construct 1,989 sustainable multi-storied housings with improved quality and necessary basic facilities. Besides that, the key approvals include a financing contribution of US\$100 million inclusive of a US\$35 million grant from the Bill and Melinda Gates Foundation to the Polio Eradication Phase IV Project in Pakistan, with an objective to permanently contain the spread of all polioviruses and circulate vaccine-derived poliovirus Type 2 by the end of 2026, and maintain the country’s ‘polio-free’ status for the subsequent three years.

<https://islamicsustainable.com/>

IsDB and French development agency to co-finance green projects worth US\$1 billion in global south

The IsDB Group has signed an MoU with Agence Francaise de Developpement (AFD), the agency that implements France’s sustainable development policies, to cooperate on co-financing green projects in developing countries. The MoU will guide both parties’ cooperation and co-financing initiatives aligned with the SDGs and the Paris Climate Agreement, from 2023 to 2028, and sets a target of US\$1 billion (US\$500 million each) for the period. Investments made under the MoU will prioritize sectors where there is growing demand in developing countries, including climate and green finance, sustainable infrastructure and urban development, resilient and inclusive agriculture and food systems, education, health and social services and private sector development.

<https://islamicsustainable.com/>

Global Islamic finance industry to grow 10% in 2023-2024 despite economic slowdown

The global Islamic finance industry is expected to grow by around 10 percent in 2023-2024 despite the economic slowdown, after posting a similar expansion in 2022 mainly led by the GCC countries, according to S&P Global Ratings. The sector continued to expand in 2022, with assets up by 9.4 per cent compared with 12.2 per cent in 2021, supported by growth in banking assets and the sukuk industry. GCC countries, mainly Saudi Arabia and Kuwait, spurred 92 per cent of the growth in Islamic banking assets last year.

<https://www.thenationalnews.com/>

I. Issue Based Article

The role of Islamic finance for women entrepreneurs

Women entrepreneurs, who are playing a significant role in the economic development of many countries, can largely benefit from Islamic finance, which offers financing and investment opportunities that are Shariah-compliant. Islamic finance offers a unique opportunity for women entrepreneurs in Pakistan, as it provides a more ethical and equitable form of financing that aligns with Islamic principles. Women-led startups and enterprises in Pakistan can significantly influence the country's economic development. However, one of the main challenges faced by these businesses is limited access to finance.

The government of Pakistan has recognized the importance of women entrepreneurs and Islamic finance in the country's economic development. In 2018, the State Bank of Pakistan (SBP) launched a gender finance policy to increase women's access to finance. Industry, regulators and academia need to collaborate more often to overcome these challenges. Creating financial literacy, building an understanding of Islamic financial products and capacity building in terms of bookkeeping and documentation are some of the main challenges faced by women-led startups, entrepreneurs, and professionals in Pakistan. A workable action plan and strategy need to be developed, keeping in view the religious preferences and desires of the target market to make this initiative a success.

<https://www.dawn.com>

Islamic finance and the securities market outlook for 2023

The global Islamic finance industry currently boasts assets of around USD2.2 trillion. Experts anticipate this could grow to USD4.94 trillion by 2025, fueled by capital inflows into Islamic exchange traded fund (ETF) products. Sukuk issuances have been equally buoyant. As many governments turned to the debt markets in 2020 and 2021 for emergency funding during the pandemic, Sukuk issuances reached record levels in 2021, with USD196.5 billion being raised. Nonetheless, the Sukuk market is facing some challenging headwinds ahead. In the short-term, the high oil prices could result in a marginal drop off in Sukuk issuances in some of the commodity exporting countries. However, others counter that Sukuk activity will likely increase over the mid-to-long term as sovereigns will still want diversified sources of funding amidst the volatility.

<https://www.sc.com/>

Adopting a digital sustainable banking approach to scale up Islamic banks' ESG integration

Digitalization is shaping the future of the global financial industry, including the banking sector. Digital banking involves the digitalization of traditional banking activities, processes and products to enhance customer experience and promote efficiency. High internet penetration and high levels of digital literacy coupled with the expanding fintech landscape have helped several banks globally to adopt digital transformation and many to launch digital banking offerings. On the other hand, sustainable finance has gained popularity globally with a growing number of financial institutions voluntarily adopting and implementing a broad range of sustainability practices as a response to emerging challenges and

stakeholder expectations when it comes to social and environmental impact. Digitalization can promote sustainable finance impact by enhancing ESG disclosure, impact assessment and financial inclusion. This link has further been evidenced by the COVID-19 pandemic, which accelerated the adoption of alternative models that rely more on technology and sustainability. Therefore, with all these factors, Islamic banks cannot escape the digital transformation and sustainability revolution and, in order to survive, they need to align their vision and business activities with the requirements of digital sustainable finance. Key digital transformation technologies include artificial intelligence, near-field communication, video chat and augmented and virtual reality.

<https://www.islamicfinancenews.com/>

Global Islamic finance industry continues its growth path

The global Islamic finance industry is expected to increase by approximately 10 percent in 2023-2024 (excluding Iran). While sukuk volumes are generally expected to diminish in 2023, new issuance is likely to exceed maturing sukuk, resulting in another positive contribution of the sukuk market to industry growth in 2023. The Islamic funds and takaful sectors are also likely to continue to expand. Structural weaknesses still constrain the industry's broader geographical and market appeal, though. The progress toward greater standardization, in part supported by the digitalization of sukuk issuance, could enhance the industry's structural growth potential. Corporates are likely to contribute to issuance volumes, particularly in countries where governments have announced transformation plans. This is the case in Saudi Arabia, where the banking system will not be able alone to finance the multiple projects related to Vision 2030 implementation. Issuers with high financing needs, such as those in Egypt and Turkey, are also likely to tap the sukuk market as part of their strategy to mobilize all available resources.

<https://www.arabianbusiness.com/>

Annexure I: Islamic Banking Branch Network

Annexure: I			
Islamic Banking Branch Network (As of June 30, 2023)			
Type	Name of Bank	No. of Branches	Windows
Islamic Banks	AlBaraka Bank (Pakistan) Limited	164	-
	BankIslami Pakistan Limited	286	-
	Dubai Islamic Bank Pakistan Limited	210	-
	Faysal Bank Limited	698	-
	Meezan Bank Limited	978	-
	MCB Islamic Bank Limited	199	-
	Sub-Total	2,535	
Conventional Banks having Standalone Islamic Banking Branches	Allied Bank Limited	118	160
	Askari Bank Limited	117	-
	Bank Al Habib Limited	179	150
	Bank Alfalah Limited	300	-
	Habib Bank Limited	307	572
	Habib Metropolitan Bank Limited	116	217
	National Bank of Pakistan	188	81
	Silk Bank Limited	23	-
	Sindh Bank Limited	14	13
	Soneri Bank Limited	40	15
	Standard Chartered Bank (Pakistan) Limited	2	38
	Summit Bank Limited	14	37
	The Bank of Khyber	121	-
	The Bank of Punjab	138	40
	United Bank Limited	152	501
	Zarai Taraqati Bank Limited	19	10
	Sub-Total	1,848	1,834
	Total Full-Fledged Branches and windows	4,383	1,834
Sub Branches	AlBaraka Bank (Pakistan) Limited	6	-
	Allied Bank Limited	1	
	Askari Bank Limited	3	-
	Bank Alfalah Limited	5	
	BankIslami Pakistan Limited	100	-
	MCB Islamic Bank Limited	1	
	The Bank of Khyber	4	
	Dubai Islamic Bank Pakistan Limited	25	
	The Bank of Punjab	2	-
	Faysal Bank Limited	2	
	United Bank Limited	2	-
	Total Sub-Branches	151	-
	Grand Total Branches/Sub-Branches/Windows	4,534	1,834

Source: Information/Data obtained from different banks

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

Annexure: II									
Province/Region wise Break-up of Islamic Banking Branch Network									
(As of June 30, 2023)									
Type	Name of Bank	Azad Kashmir	Baluchistan	Federal Capital	Gilgit-Baltistan	Khyber Pakhtunkhwa	Punjab	Sindh	Grand Total
Islamic Banks	AlBaraka Bank (Pakistan) Limited	2	4	7	3	14	92	42	164
	BankIslami Pakistan Limited	5	15	15	5	31	130	85	286
	Dubai Islamic Bank Pakistan Limited	7	5	15	3	10	86	84	210
	Faysal Bank Limited	11	25	30	7	55	390	180	698
	Meezan Bank Limited	10	39	40	5	73	526	285	978
	MCB Islamic Bank Limited	2	10	12	1	24	101	49	199
	Sub-Total	37	98	119	24	207	1,325	725	2,535
Conventional Banks having Standalone Islamic Banking Branches	Allied Bank Limited	2	4	6	1	12	72	21	118
	Askari Bank Limited	-	3	10	1	19	56	28	117
	Bank Al Habib Limited	1	9	10	1	32	59	67	179
	Bank Alfalah Limited	1	9	21	-	37	175	57	300
	Habib Bank Limited	12	6	12	2	35	163	77	307
	Habib Metropolitan Bank	2	3	4	1	20	45	41	116
	National Bank of Pakistan	9	4	6	1	40	95	33	188
	Silk Bank Limited	-	1	3	-	3	9	7	23
	Sindh Bank Limited	1	1	-	-	2	7	3	14
	Soneri Bank Limited	-	1	2	1	11	18	7	40
	Standard Chartered Bank (Pakistan) Limited	-	-	-	-	-	1	1	2
	Summit Bank Limited	-	1	2	2	1	2	6	14
	The Bank of Khyber	-	5	3	-	99	11	3	121
	The Bank of Punjab	3	6	7	2	21	91	8	138
	United Bank Limited	1	5	7	-	52	49	38	152
	Zarai Taraqati Bank Limited	-	-	1	2	9	6	1	19
		Sub-Total	32	58	94	14	393	859	398
	Total Full-Fledged Branches	69	156	213	38	600	2,184	1,123	4,383
Sub Branches	Allied Bank Limited	-	-	1	-	-	-	-	1
	AlBaraka Bank (Pakistan) Limited	-	-	-	-	-	-	6	6
	Askari Bank Limited	-	1	-	-	1	1	-	3
	Bank Alfalah Limited	-	-	1	-	-	2	2	5
	BankIslami Pakistan Limited	1	6	8	-	4	33	48	100
	Dubai Islamic Bank Pakistan Limited	-	-	-	-	-	9	16	25
	MCB Islamic Bank Limited	-	-	-	-	-	1	-	1
	Faysal Bank Limited	-	-	-	-	-	2	-	2
	The Bank of Khyber	-	-	-	-	4	-	-	4
	The Bank of Punjab	-	-	-	-	-	2	-	2
	United Bank Limited	-	-	1	-	1	-	-	2
	Total Sub-Branches	1	7	11	0	10	50	72	151
	Grand Total	70	163	224	38	610	2,234	1,195	4,534

Annexure III. District wise Break-up of Islamic Banking Branch Network

Annexure: III

District wise Break-up of Islamic Banking Branch Network (As of June 30, 2023)								
S. No.	Province	District	No. of Branches*	S. No.	Province	District	No. of Branches*	
1	Sindh	Badin	3	67	Khyber Pakhtunkhwa	Abbottabad	33	
2		Dadu	9	68		Bannu	17	
3		Ghotki	5	69		Batagram	7	
4		Hyderabad	73	70		Buner	15	
5		Jacobabad	5	71		Charsadda	16	
6		Jamshoro	6	72		Chitral	10	
7		Karachi City	972	73		Dera Ismail Khan	19	
8		Kashmore	2	74		Hangu	11	
9		Khairpur	6	75		Haripur	18	
10		Larkana	9	76		Karak	6	
11		Matiari	4	77		Kohat	20	
12		Mirpurkhas	15	78		Lakki Marwat	2	
13		Naushahro Feroze	8	79		Lower Dir	38	
14		Shaheed Benazir Abad	20	80		Malakand	27	
15		Sanghar	16	81		Mansehra	25	
16		Shikarpur	1	82		Mardan	30	
17		Sukkur	20	83		Nowshera	30	
18		Shahdaskot	3	84		Peshawar	132	
19		Tando Allahyar	4	85		Shangla	8	
20		Tando Mohammad Khan	4	86		Swabi	14	
21		Thatta	4	87		Swat	76	
22		Umer Kot	6	88		Tank	2	
Sindh Total			1,195	89		Torghar	1	
23	Punjab	Attock	30	90		Upper Dir	19	
24		Bahawalnagar	32	91		Kohistan	2	
25		Bahawalpur	48	92		Bajaur Agency	8	
26		Bhakkar	8	93		Khyber Agency	15	
27		Chakwal	25	94		Mohmand Agency	1	
28		Chiniot	10	95		Orakzai Agency	2	
29		Dera Ghazi Khan	28	96		Kurram Agency	5	
30		Faisalabad	179	97		North Waziristan Agency	1	
31		Gujranwala	111	KPK Total				610
32		Gujrat	91	98	ICT	Islamabad	224	
33		Hafizabad	13	Islamabad Total				224
34		Jhang	18	99	Gilgit-Baltistan	Astore	1	
35		Jhelum	26	100		Baltistan	1	
36		Kasur	29	101		Ghizer	2	
37		Khanewal	38	102		Ghanche	1	
38		Khushab	12	103		Hunza	1	
39		Lahore City	655	104		Skardu	6	
40		Layyah	14	105		Diamir	8	
41		Lodhran	6	106		Shigar	1	
42		Mandi Bahauddin	21	107	Gilgit	17		
43		Mianwali	12	Gilgit-Baltistan Total				38
44		Multan	131	108	Balochistan	Chaghi	4	
45		Muzaffargarh	27	109		Duki	1	
46		Nankana Sahib	14	110		Gawadar	8	
47		Narowal	12	111		Harnai	0	
48		Okara	41	112		Jaffarabad	3	
49		Pakpattan	19	113		Kalat	1	
50		Rahim Yar Khan	63	114		Kech	2	
51		Rajanpur	11	115		Khuzdar	3	
52		Rawalpindi	212	116		Kharan	1	
53		Sahiwal	47	117		Lasbela	7	
54		Sargodha	58	118		Loralai	6	
55		Sheikhupura	36	119		Mastung	1	
56		Sialkot	94	120		Noshki	2	
57		Toba Tek Singh	32	121		Nasirabad	2	
58		Vehari	31	122		Panjgur	4	
				123		Pishin	9	
				124		Qilla Abdullah	8	
			125	Qilla Saifullah		7		
			126	Quetta		81		
			127	Sibi		2		
			128	Sohbatpur	1			
			129	Turbat	3			
			130	Zhob	4			
			131	Ziarat	3			
Punjab Total			2,234	Baluchistan Total			163	
59	Azad Kashmir	Bagh	4	Grand Total				4,534
60		Bhimber	5					
61		Dadyal	4					
62		Hattian Bala	1					
63		Kotli	9					
64		Mirpur	24					
65		Muzaffarabad	15					
66	Poonch	8						
Azad Kashmir Total			70					

*including sub-branches