



"In the creation of the heavens and the earth; in the alternation of night and day; in the ships that sail the ocean bearing cargoes beneficial to man; in the water which God sends down from the sky and with which He revives the earth after its death, scattering over it all kinds of animals; in the courses of the winds, and in the clouds pressed into service between earth and sky, there are indeed signs for people who use their reason."

[Al-Baqarah: 164]

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A man came to the Prophet (pbuh) and asked, "O Allah's Messenger (pbuh)! Which charity is the most superior in reward?" He replied, "The charity which you practice while you are healthy, niggardly and afraid of poverty and wish to become wealthy. Do not delay it to the time of approaching death and then say, 'Give so much to such and such, and so much to such and such.' And it has already belonged to such and such (as it is too late)." [Sahih Bukhari, Book 24 on Zakat, Hadith No. 1419]

A link between growth and human lives has to be created consciously through deliberate public policy—such as public spending or social services and fiscal policy to redistribute income and assets. This link may not exist in the automatic workings of the marketplace, which can further marginalize the poor.

Mahbub-ul-Haq

Research Note

Ethics and Economics

Salman Ahmed Shaikh

As much as people can be selfish, they can be altruist as well. They have free will and they can be as much responsible as they can be reckless. What we need is a conditioning mechanism that nurtures positive tendencies. It is striking to note the following facts:

- 1) Budget on some films and video games is more than the entire development spending in some countries.
- 2) There is huge expenditure on reducing fat and obesity while around a billion people face hunger.

3) One-third of food is wasted while around a billion people on the planet starve.

4) 10 richest men doubled their fortunes in pandemic while incomes of 99% of humanity fell.

5) Some individual persons own more wealth than the GDP of entire countries.

There are approximately one billion poor in the world and if it takes \$30 to feed a poor person for a month, then \$30 billion can feed all of the world's poor for one month.

As per Forbes, 2,668 billionaires have a total net wealth of \$12.7 trillion. Their combined wealth can feed all the world's poor for almost one generation.

Interestingly, at an interest rate of 10%, these wealthiest people can earn \$1.27 trillion in a year which can alternatively feed all of the world's poor easily for 3 years. Thus, even if these wealthiest people forgo only the interest they can earn on wealth and spend it to feed poor, every poor can be fed for multiple years. The wealthiest people even in pandemic have accumulated enormous increase in wealth.

Food per capita availability in the world has increased despite enormous increase in population. But, bigger problem is with food wastage and food distribution. In recessions, there is glut as well as unemployment which reduces purchasing power.

Markets have food and things which people need and yet people remain unserved as they lack purchasing power and employment even when they are

looking for one. This situation cannot be explained away by arguing that poor people consciously do not want to buy food at market prices as their 'willingness' to pay for food is lower than market price. Unemployment cannot be explained away by arguing that people find more comfort and utility in leisure and vacation than in working at prevailing wages. Contrarily, they are desperate for food as well as for employment.

There are more other glaring realities like this. These happen in capitalistic democracies with secularism and liberalism reigning supreme as political doctrine and unfettered markets as an economic doctrine. Allocation of resources is determined by profits rather than social need. Governments are also influenced by crony capitalism and unable to tax rich, especially their wealth by ensuring distributive justice.

Can law alone provide the required conditioning mechanism to foster compassion and righteous behavior? But, can law codify all ethics?

The need is to have a social contract or comprehensive doctrine with a conditioning mechanism that can ensure these two characteristics in its worldview: 1) provision of deterministic justice and 2) inculcating ethical social responsibility as an end rather than means to an end.

Religious values and ethics can complement law through engendering compassion and social responsibility. As per Islamic worldview, there are two aspects of human life, i.e. temporary worldly life and permanent life which will begin after this life.

Belief in afterlife accountability with understanding its true implications can ensure socially ethical behavior even when it is not codified by law. It is

because as per Islam, the ethical choices will be rewarded or punished with deterministic justice in the permanent part of human life.

IEP Forum on FSC Riba Verdict VI

Participants

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Recently, Federal Shari'ah Court of Pakistan has given its judgement on the Riba case. The verdict reaffirmed the historic judgement on interest first given in 1991. But, the subsequent appeals process reopened the case. Concerns about jurisdiction further delayed the implementation of the historic judgement and delayed the case for several years. Now, finally, the verdict has come. The verdict has declared conventional banking interest to be Riba, which is prohibited in Islamic sources of knowledge categorically including Qur'an and Hadith. The judgement has also asked the government to transform the economic system on interest free basis within a period of 5 years to fulfil the constitutional requirement as well as completing the required implementation of the judgement.

Islamic Economics Project is making a humble effort to collect the views of Shari'ah scholars, regulators, practitioners, lawyers and academic experts to deliberate on the future course of action and generate ideas and debate on how to make this transformation possible.

In this regard, we got the chance to get reaction and response from Mufti Dr. Zubair Ahmed and Mufti Sajjad Zafar. We hope that the views expressed and shared with relevant audience and stakeholders will generate practicable ideas and keep the momentum towards achieving the end goal of an economy that is in compliance with Shari'ah and is able to utilize the instruments and institutions in the Islamic economic teachings.

Question: What is your take on the decision by Federal Shari'ah Court of Pakistan on Riba?

Mufti Zubair: There is no doubt that the judgement is a welcome development to clarify that interest in modern banking is Riba. It is a legal victory for all those Muslims who want to avoid Riba and consider modern bank interest as one form of Riba. Even though the judgement only takes us back to where we were after 1991 judgement on legal front. It endorses the historic judgement on interest given in 1991 by Federal Shariah Court.

However, fortunately, before this legal victory in 2022, there have been many developments in the last 30 years. Now, the Islamic banking industry has 20% market share in Pakistan. Islamic mutual funds have more than one-third share of the investment funds market in Pakistan.

Even within consumer banking, Islamic banks are steadily raising their market share in housing finance and car finance. One of the reason why there is less financial inclusion and less insurance penetration in the country is that people are faith-conscious and they want Shari'ah compliant financial solutions only.

Therefore, it is in the best interest of the country's macro economy and financial system to promote Islamic banking which has the potential of expediting financial inclusion, financial development and financial deepening of the whole financial system in the country.

Even though, we have wasted time from 1991 to 2022 in the legal battles to clarify bank interest as one form of Riba, but, Pakistan is unique in even achieving this

eventually. In many countries, this debate and legal success has not happened yet.

Mufti Sajjad Zafar: First of all, I will say that it is a good effort by Islamic economics project to start this forum and create awareness among the masses through it.

The decision by Federal Shariat Court is a welcome development for the industry as well as the country. It makes us closer to becoming consistent with our constitution which stipulated in Section 38(f) that Riba should be eliminated from the economy as soon as possible. Therefore, the decision has significance and was much needed.

Question: Do you think that it is possible to implement the verdict on transformation of economy on interest free basis in 5 years?

Mufti Zubair: Yes, it can be achieved, but the success depends on certain pre-conditions. The mind set and approach of stakeholders is key. If they are keen and really want to make a change, then we only need to overcome genuine problems and hiccups and they can be overcome in time with will and determination.

But, if the stakeholders in their heart are themselves not keen in reforms and transformation, then the problems would become enormous and then, there is a fear of complacency and delays in future like witnessed in past.

There is room for optimism given that Islamic banking and finance is not only a reality, but is having greater speed of growth and in some segments, the share of Islamic finance is greater than conventional now.

Mufti Sajjad Zafar: If we look at the history of this case, unfortunately, the decision took a lot of time. There were perhaps reservations in the mind of policymakers that can an Islamic system of finance operate in the absence of conventional banking and monetary system to fulfil all economic needs which are served through interest based conventional system, albeit with negative consequences on economy and society, both economically as well as spiritually.

But, now, the situation is different. There is no legitimate reason for apprehension. Islamic banking and finance is a reality. Islamic banking has achieved the first and most difficult part of market share, which is the first quintile of the industry. Islamic banking now has a 20% market share and its share is even more in asset management, housing finance and car finance.

Even for transformation, we have the example of Faysal Bank. It is a reasonably big bank with consumer and corporate finance operations. Yet, it became possible to completely transform a 600+ branches bank. There are more banks in Pakistan with much less extensive branch network than Faysal Bank. Therefore, transformation of banking system when conventional banks already have multiple Islamic banking branches is not a pipedream anymore. It is achievable.

Question: What are the measures which can be taken to showcase the full potential of Islamic finance?

Mufti Zubair: The mind set of stakeholders is key to determine the speed and success of reforms. Islamic banking system has four categories of stakeholders, i.e. practitioners,

beneficiaries, theorists (or Academicians) and regulators. Regulators hold the key in steering change.

Need to have more collaboration among university academics and Shari'ah scholars to deliberate on workable solutions which are Shari'ah compliant as well as serve the needs of society.

Since Riba is war against Allah and His Messenger (PBUH), as per Al Quran Surah Baqarah Ayah 279, it is not only the responsibility of one category of stakeholders or one segment of Muslim Ummah to do efforts against Riba. It is the responsibility of every member of Muslim Ummah to contribute for this noble cause with their abilities by knowing and understanding at least the basic principles of Islamic finance.

Unfortunately, we make opinions on perceptions. Islamic banking shall not be compared with conventional banking as one is Shari'ah compliant and the other is not. As Muslims, we shall never support conventional banking and we all need to join hands for elimination of interest-based banking as this is one point on which every Muslim agrees.

Mufti Sajjad Zafar: It is important to create awareness and remove apprehensions. Part of the reason why there is aversion, apprehension and reservations is that people have lack of knowledge and wrong perception about Islamic banking and its potential.

Secondly, regulators need to steer change rather than allowing everyone to decide their own course at their own pace. Regulatory impetus can help in building momentum.

Deliverables which are mutually agreed with banks and other financial institutions along with deadlines given by central bank to complete tasks would provide direction and focus in transformation.

Thirdly, public finance policy needs to utilize more Sukuk and Islamic finance solutions for public finance and that will also enable speedy transition. Banks rely on business from public finance. When the government will itself move towards Sukuk, conventional banks will have less hesitation to convert to Islamic.

Question: What are the important obstacles that can be encountered along the way of transformation process?

Mufti Zubair: By and large, our people are very judgmental. Islamic banking is operating mostly in a dual banking system. Most of the stakeholders or potential stakeholders do not have adequate knowledge and understanding of both the financial and Shari'ah aspects simultaneously. But, they are trying to do analysis and even evaluation of Islamic banking system. To do proper analysis or evaluation, one must have adequate knowledge and understanding of that system.

Without adequately understanding Islamic finance principles and contemporary system's limitations, there cannot be appropriate analysis and evaluation of the struggles of the people who want to do something against the Riba based system.

It may lead to opposing the struggle without providing alternates. Ultimately, this can be harmful to the efforts against Riba. Many critics are sceptical even without knowing Islamic banking and finance. They evaluate even when not

having clear understanding of Islamic banking. Therefore, we need to create more awareness to make people get better understanding of and confidence in Islamic banking.

Islamic finance is much more than Islamic commercial banking. There are variety of institutions in Islamic social finance, which cater to the needs of people who maybe underserved by commercial financial institutions.

Therefore, we need to not put all our hopes and aspirations from Islamic economics with Islamic commercial banking alone. Altogether, Islamic economics has solutions for variety of financial needs even though some institutions due to their structure, regulatory environment and market dynamics may specialize in serving selected segments rather than all segments of society all at once.

Not realizing this point, sometimes, people raise their expectations and then get disappointed if they are underserved by one particular institution in Islamic financial system.

Mufti Sajjad Zafar: Implementation is key. Key executives of banks may have hesitation. They may feel job -insecurity. They may feel that going towards Islamic would compromise their authority.

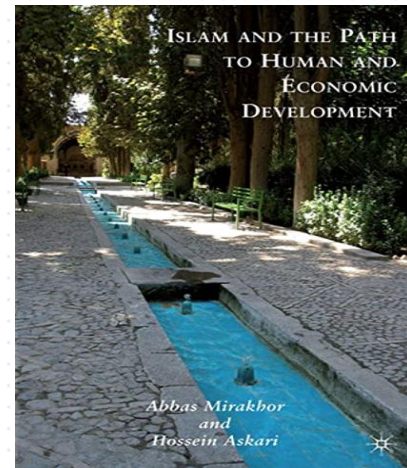
The kinds of skills and expertise they currently have may not be suitable in the new scenario where Islamic financial services replace conventional loans. They may resist change. Hence, creating awareness through seminars, workshops and trainings is important in order to allay any concerns and apprehensions.

Book Review

Title: Islam and the Path to Human and Economic Development

Authors: Abbas Mirakhor and Hossein Askari

Publisher: Palgrave Macmillan



This short book is divided into five chapters and a conclusion. The five chapters include 1) The Evolution of the Western Concept of Development, 2) Development as Human Well-being, 3) The Foundational Elements of Development in Islam, 4) The Dimensions of Development in Islam and 5) The Institutional Structure of Development in Islam.

Authors explain that early discourse on development was centered on a concern for social order, the role of civil society, culture, and state. Then, development was confined to material well-being in post-WWII era. From early 1980s and onwards, economists, inspired by the pioneering contributions of Mahbub ul Haq and Amartya Sen, began to question the popular definition of economic development and the path for its achievement.

They argued that development was much more than an increasing level of per

capita income and a simple structural transformation. For the first time, human development, including education, healthcare, poverty eradication, a more even income distribution, environmental quality, and freedom, was seen as an integral component of the economic development process.

Appreciably, the Western approach, now recognizing the wider dimensions of human development and the role of institutions and rules, has moved over time toward the vision and the path of development envisaged in Islam, emphasizing human solidarity, belonging, well-being, sharing, concern for others, basic human entitlements, and modest living. Development now is conceived as more than a quantitative change in some index, such as a higher level of per capita income; it is about being more, not having more.

However, in contrast, there is also a large cognitive deficit between the holistic

vision of the Quran for human and societal development and the results achieved by Muslim societies of today. Nonetheless, it must be understood that all claims, or pretensions, to Islamicity on the part of any society must be validated by the existence and effective operations of the institutional structures (rules of behavior) mandated by the Quran and operationalized by the Prophet. A reading of this book should confirm that in today's Muslim societies the most important core elements of an Islamic institutional structure are, by and large, notable for their absence.

Authors also contend that mainstream neoclassical economics is increasingly detached from morality. The basic building block of all economic theory 'homo economicus' evolves with age, and reflects the circumstances, values, and assumptions of that age. However, the models of homo economicus that have evolved to explain economic behavior tend to reflect only the increasing secularization of society, where moral decisions are no longer embedded in the sense of the sacred.

The authors explain that in the early post-WWII period, economists defined economic development as a combination of rapid economic growth and structural transformation. The policy focus was that countries that had low levels of per capita income needed to grow faster to catch up with the developed, or industrial, countries of the West. To achieve this, they would benefit from a transformation of their economies from an agrarian to an industrial base, where the level of productivity and its growth were significantly higher.

The authors argue that due to this narrow definition of economic development, most early post-WWII theories of economic development focused on how rapid growth and structural transformation could be achieved. The authors trace the evolution of the Western concept of development before exploring the path to development in Islam.

The Western approach was neutral to ethics, morality and values. It regarded humans as utility maximizing species and as merely an input in the production process. However, the Western concept of development now recognizes the wider dimensions of human development and the role of institutions and rules.

The authors think that it has moved over time towards the vision and the path of development envisaged in Islam, emphasizing human solidarity, belonging, well-being, sharing, concern for others, basic human entitlements, and modest living.

The authors explain that in Islam, development is composed of three interrelated and interdependent dimensions: individual human self-development, the physical-material development of the earth, and the development of human society as a whole. The most important of all these is the first without which the other two would not progress as envisioned.

In neoclassical growth theories, the emphasis is on increasing savings and technological progress which brings about an increase in capital per worker and eventually output per worker. Later researchers have done more sophisticated work to explore the factors which affect

the technology, human capital and savings. To summarize their findings, these theories and models help to explain the differences in per capita incomes across countries.

The main conclusions are that countries with high savings, countries having people spending more time in learning new skills and countries with better social infrastructure in the form of strong private property rights are able to have more per capita income than countries which lack in these characteristics.

Islamic economic principles have the capacity to help build these elements for sustainable growth and development. Islamic economic framework provides a lenient rate of income Zakāt and withdraws any fixed pre-determined cost of capital.

The productive sector is provided with an incentive to boost production. This could itself bring about an increase in output per person in the economy and could bring stability in prices. Zakāt on cash and capital will force people to invest their money in productive uses. With the prohibition of interest, this money will only go in business either with the start of one's own business or equity participation in Mudarabah, Sukuk and Halal stocks.

Besides this, a consistent and credible low tax rate policy with broader Zakāt base ensures minimum distortions, boosts aggregate demand and encourages investment by decreasing costs of doing business and this could also simultaneously solve microeconomic problems of imperfection in markets by increasing competition and helping to reduce market power.

If we study the classical and neo-classical literature on growth and development, the theories and policies based on them have felt short to improve income distribution. Islam economics has many non-market mechanisms to ensure income redistribution without interfering with individual freedom and market mechanism. Three such mechanisms are listed below:

Prohibition of Interest - Interest as a system of allocation of resources ensures a fixed return for one agent (lender) and variable and uncertain for another (borrower) in an intertemporal exchange of money. In contrast, Islam encourages equity financing in which the loss/profit would be shared.

This ensures better results from the perspective of redistribution and better co-operative behavior since payoffs for all parties are linked with productive sector of the economy. Consequently, markets will not have to produce speculative surplus output just to service the exorbitant amount of debt. This feature could also help in stabilizing business cycles.

Family System and Inheritance Distribution - The family system of Islam brings social capital into existence. It ensures empathy and responsibility. It brings a very lasting and durable social safety net. Islamic injunctions about how to treat orphans ensure social security for individuals with special circumstances. Furthermore, the inheritance laws ensure that the wealth of the deceased is distributed widely among the members of the family of the deceased and this permanently and systematically ensures doing away with the concentration of wealth in every generation.

Zakāt and Infāq - Zakāt is a combination of wealth and production levy. It includes all heads of earned income and forms of wealth excluding only the means of production, items of personal use and value below Nisāb. With Zakāt on wealth, redistribution objective is directly achieved. It reduces confinement of wealth in few hands.

It ensures appropriate transfer of wealth and transfer of asset ownership to the needy. If an economy is in disequilibrium and policies fail to immediately recover and boost incomes, wealth Zakāt enables the distributive allocation that works independently of the business cycle and

help stabilize the extremes of the business cycle.

In conclusion, this book outlines the Islamic vision and framework for development and contrasts it with Western concept of development.

The book shows that Islamic concept of development grounded in the teachings of the Quran and the Holy Prophet (peace be upon Him) is comprehensive in terms of values and institutions to extend progress towards inclusive and sustainable development. The need is to create the right understanding of the Islamic vision of development and then to use that in policies and application.



Research Paper in Focus

Paper Title: Islamic Social Finance and Commercial Finance: A Marriage Made in Heaven?

Author: Luqyan Tamanni, Indra Indra, Yaser Taufik Syamlan and Anita Priantina

Publisher: Journal of Islamic Accounting and Business Research, Vol. 13 No. 8, 2022.

This paper aims to explore different forms and models of integration between Islamic commercial finance and social finance including the problem that arise as well as the solution of each of the models to promote inclusive economic growth.

Authors mention that blending Islamic social and commercial finance can create a larger pool of funds, however, they ignore that the capital providers in both institutions have different motives. Blending is possible through blending funding from people with dual motives, i.e. commercial as well as social. Where

integration might work more effectively is in creating cost synergies.

It can also breed cross selling opportunities. As a person graduate to non-poverty status through Islamic social finance, it might become a bankable client for accelerated financing through Islamic commercial banks. Sharing the information about clients can also reduce the screening and targeting cost. Authors discuss the prospect of operational integration between Islamic commercial and social finance.

One issue not discussed in the paper is that repayment rates in microfinance are generally very high. Therefore, given the higher asset quality, the capital requirements must be rationalized to a lower level to allow small microfinance institutions catering to concentrated communities by providing access to finance to a group from same community.

Authors explain that Islamic commercial financial institutions engage in social finance as complimentary activity rather than as core activity. It is akin to corporate organizations doing corporate social responsibility work, but much less funds, human resources and capital is allocated for it.

Authors also discuss the role of government. In some ways, government can use mandatory integration by giving certain targets to commercial finance institutions. In some countries like Pakistan, the central bank gives credit allocation targets to the banks to provide financing to the agriculture sector. In Islamic finance literature, many authors have recommended that statutory liquidity requirements stipulating cash reserve requirements shall also include provision of providing credit to the socially important sectors.

In some other ways, public-private linkage can also create linkage between Islamic commercial and social finance. For instance, if government subsidizes cost of a financial service, then Islamic commercial financial institutions like banks can provide access to capital to the clients at a significant discount to the average rate of return on financing.

This has happened in Covid-19 where governments have provided subsidized credit through banks to the socially important sectors and distressed firms.

However, this approach does not make the market mechanism more humane. In fact, it may have the potential to encourage rent seeking and more relaxed response by expecting government subsidies which increase fiscal expenditure and might subsequently lead to more fiscal borrowing in future that has an inflationary impact.

Authors also emphasize about the role of education. Social awareness and empathy should be built in teaching methods and curriculum so that future corporate managers, investment managers, entrepreneurs and investors have the right values which underpin their preferences, choices and behaviour.

Reflections on Existential Questions

Take the question of God's existence. If a person knows little science, he/she would conclude that this is neither provable nor disprovable through science or scientific method alone. But, one can use logical

and rational reasoning to see whether it is a justified true belief.

When we see an orderly thing and reflect on its origin or existence, the questions

like who created it, how it was created and why it was created come to mind.

Atheists want to replace the question of who with chance for primordial matter and skip the question of why. How something comes about is an important part of reality. It comes under the domain of science to seek answers to that. But, that does not mean that the answer to 'how' alone tells us the complete story and also answers 'Who did it' and 'Why'.

For validation of knowledge about something, seeing something is not necessary. We use inference to know about things we have not seen, but which nevertheless are considered as true by inference. We would infer that someone put book on table if it was lying in cupboard when we last saw it.

If we see an infant crying in a stroller in park and is unattended, we would immediately search for the parent or attendant who would have accompanied the infant to this place. Inference can be used to derive valid knowledge about unseen concepts whose physical manifestations can however be observed like gravity, for instance.

We know that dark energy and dark matter, detectable only because of their effect on the visible matter around them, make up most of the universe. We knew black holes exist even before we observed them through a visible image in 2019.

Science has made us truly amazed at how we exist through fine-tuned balance in numerous variables. The natural question is for what purpose? Can aspiration of getting a due reward for right conduct is possible for everyone? Can absolute justice ever be established? Is everlasting

happiness achievable? Can the outlaws responsible for genocide be brought to justice ever? Can the honest and truthful people who suffer unjust lives be duly compensated, if ever?

Big bang proved the premise scientifically that the universe began to exist. Everything that begins to exist cannot create itself. It cannot create itself while not in existence. So, it cannot be existing and non-existing at the same time. It has to be created by something that is not 'it'.

The creator has to be independent of the universe itself. So, the constraints of this universe do not apply to that Creator since the Ultimate Creator is not part of the universe. It is the author of both the universe and its laws.

The Ultimate Creator has to be uncreated since it is necessary for the universe to be created in the first place. We find cause or creator for something that is created and that begins to exist at some finite point in time like the universe which came into existence 13.7 billion years ago. The Ultimate Creator did not come into existence at some finite point in time. It is ever-existing. This God is not the 'scientific conjecture of god of the gaps' which fits in the novel for pages that are not found in the novel.

This God is the author of the whole novel and the programmer of nested loops within loops. He is not the pixel of the painting or a brush or a colour or the painting itself. It is the painter. It is not the laws of physics or theorems of mathematics alone. It is the source of these laws and theorems.

Isaac Newton aptly said that gravity cannot explain who sets the planets in motion, but it explains the motions of the planets, but it motion.

Market News

- ❖ German FinTech to launch Shariah-compliant Cryptocurrency and Blockchain (The National News, Oct 21).
- ❖ Meezan Bank introduces Wisaaq - Pakistan's first digital supply chain financing platform (Daily Times, Oct 20).
- ❖ Ugandan bank launches 1st Islamic Shariah-compliant account (Anadolu Agency, Oct 20).
- ❖ World halal market projected to reach \$10 trillion in 5 years (Daily Sabah, Oct 20).
- ❖ State Life partners with DIB to offer Takaful solution to customers (24/7 News, Oct 20).
- ❖ Global Sukuk activity slows through the first half of 2022. Fitch reported that total Sukuk issuances fell in the second quarter of 2022 by 27.5% (Mondaq, Oct 20).
- ❖ The Islamic fintech industry has a higher growth projection at 21% CAGR by 2025 than conventional fintechs at 15% CAGR (Fintech News, Oct 18).
- ❖ Hejaz launches Australia's first Shariah-compliant ETFs on ASX (Zawya, Oct 17).
- ❖ By 2024, there will be one million Muslims in Australia and many are waiting for Islamic banking (ABC News, Oct 11).
- ❖ Near-term Sukuk market activity will be slow in the core markets of the GCC, Malaysia, Indonesia, Turkey, and Pakistan (Fitch Ratings, Oct 10).
- ❖ Qatar's Islamic fintech sector ranks sixth globally (The Peninsula, Oct 9).
- ❖ Islamic Development Bank raises \$1.6 billion from Sukuk issuance (Zawya, Oct 7).
- ❖ Turkey gives initial guidance in 10% area for 3-year dollar Sukuk (Nasdaq, Oct 6).
- ❖ Moody's said at the time that Turkish participation banks' total assets increased by 54% in 2020, outpacing total banking sector asset growth of around 36% (Daily Sabah, Oct 5).

- ❖ Up to 5 million Egyptian families now benefit from ‘Takaful and Karama’ pensions (Egypt Independent, Oct 3).
- ❖ UAE insurers Takaful Emarat and Salama to merge in non-cash deal (Gulf News, Oct 3).
- ❖ Cagamas concludes issuance of RM 1.63 billion worth of bonds and Sukuk (Zawya, Sep 30).
- ❖ 87% of Islamic finance professionals believe now is an excellent time for investors to harness the opportunities available in green Sukuk, given that COP27 and COP28 are taking place in the Arab world (Pakistan Observer, Sep 30).
- ❖ Green Sukuk market set to rise by \$30 billion in next 3 years - survey (Zawya, Sep 29).



Economic and Financial Indicators

Islamic Banking Statistics 2013-2022

Country	CAR	Gross NPF	ROA	ROE	Net Profit Margin	Cost to Income
Bahrain	18.7	10.8	1.0	7.8	25.6	71.1
Bangladesh	11.5	4.5	1.3	23.5	33.3	43.8
Brunei	20.2	5.0	1.6	12.1	52.0	45.1
Egypt	15.24	7.25	2.62	42.08	58.76	30.91
Indonesia	18.4	4.1	1.3	11.8	13.9	86.1
Jordan	22.3	2.8	1.8	18.3	49.3	50.7
Kuwait	17.8	2.5	1.2	11.0	22.1	32.5
Malaysia	16.7	1.4	1.0	15.0	38.9	39.7
Morocco	20.6	0.2	-3.7	-26.2	-252.8	349.7
Nigeria	30.2	4.3	1.1	12.1	10.5	82.0
Oman	28.5	0.7	-0.8	0.1	-29.6	113.9
Pakistan	15.0	5.0	1.5	24.7	32.2	65.5
Palestine	16.8	2.3	1.0	9.5	24.2	69.6
Qatar	18.0	1.3	1.1	11.0	40.8	13.3
Saudi Arabia	20.1	1.2	2.2	16.4	49.5	49.6
Sudan	15.3	5.1	2.8	41.8	55.9	40.8
Turkey	16.5	4.0	1.3	15.5	21.0	43.3
UAE	17.2	6.3	1.4	11.4	32.0	50.5

Source: IFSB Data

Islamic Capital Market Investments

Measures / Groups	Annualized Return (%)			Annualized S.D (%)			Coefficient of Variation		
Stable Income Investments									
Sukuk	2013-22	2013-19	2020-22	2013-22	2013-19	2020-22	2013-22	2013-19	2020-22
S&P MENA Sukuk Index	2.67	3.96	0.69	1.94	1.63	2.45	0.73	0.41	3.55
S&P GCC Sukuk Index	2.96	4.45	-0.44	2.03	1.77	2.52	0.69	0.40	-5.70
Bond	2013-22	2013-19	2020-22	2013-22	2013-19	2020-22	2013-22	2013-19	2020-22
S&P MENA Bond Index	2.71	5.09	-2.79	3.89	2.48	5.97	1.43	0.49	-2.14
S&P GCC Bond Index	2.80	5.24	-2.76	3.97	2.52	6.09	1.42	0.48	-2.20
Equity Investments									
Islamic	2013-22	2013-19	2020-22	2013-22	2013-19	2020-22	2013-22	2013-19	2020-22
S&P 500 Shariah	12.04	12.30	11.35	18.03	13.27	26.75	1.50	1.08	2.36
S&P Europe 350 Shariah	7.26	8.83	3.18	15.38	13.60	19.27	2.12	1.54	6.07
S&P 500 ESG Shariah	11.92	11.50	13.00	18.15	13.15	27.22	1.52	1.14	2.09
Dow Jones Islamic GCC	4.25	2.07	10.13	12.82	12.44	13.79	3.02	6.00	1.36
Conventional	2013-22	2013-19	2020-22	2013-22	2013-19	2020-22	2013-22	2013-19	2020-22
S&P 500	11.16	11.98	9.00	17.30	12.83	25.56	1.55	1.07	2.84
S&P Europe 350	5.20	6.80	1.03	16.56	14.44	21.10	3.18	2.12	20.40
S&P 500 ESG	11.41	11.77	10.46	17.34	12.77	25.73	1.52	1.08	2.46
Dow Jones GCC	4.58	2.69	9.68	12.04	11.36	13.72	2.63	4.22	1.42

Source: SP Dow Jones / Working by Research Desk

Call for Papers

Special Issue "Islamic Finance Performance during Pandemic and Future Agenda"
MDPI International Journal of Financial Studies
https://www.mdpi.com/journal/ijfs/special_issues/Islamic_Finance_Performance

Emerald Journal of Islamic Accounting and Business Research
Corporate Governance in Islamic Banking & Finance, Special Issue
<https://www.emeraldgrouppublishing.com/calls-for-papers/corporate-governance-islamic-banking-finance>

10th ASEAN International Conference on Islamic Finance (AICIF 2022)
6 - 8 December 2022, DoubleTree by Hilton Hotel Kuala Lumpur
<https://submit.confbay.com/conf/aicif2022>

Other Resources on Islamic Economics Project Portal

- ❖ Research Articles
- ❖ Research Presentations
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- ❖ Course Outlines
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- ❖ Islamic Economics Journals List
- ❖ Qur'an and Hadith on Economics
- ❖ Book Reviews
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