



ISLAMIC FINANCIAL INSTITUTIONS AND INSTRUMENTS IN MACROECONOMIC STATISTICS

Workshop on Islamic Finance in National Accounts

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Annex 4.3 of the New Monetary and Financial Statistics Manual and Compilation Guide (MFSMCG)

1

- Discusses how Islamic financial institutions (IFIs) operate under Shari'a rules

2

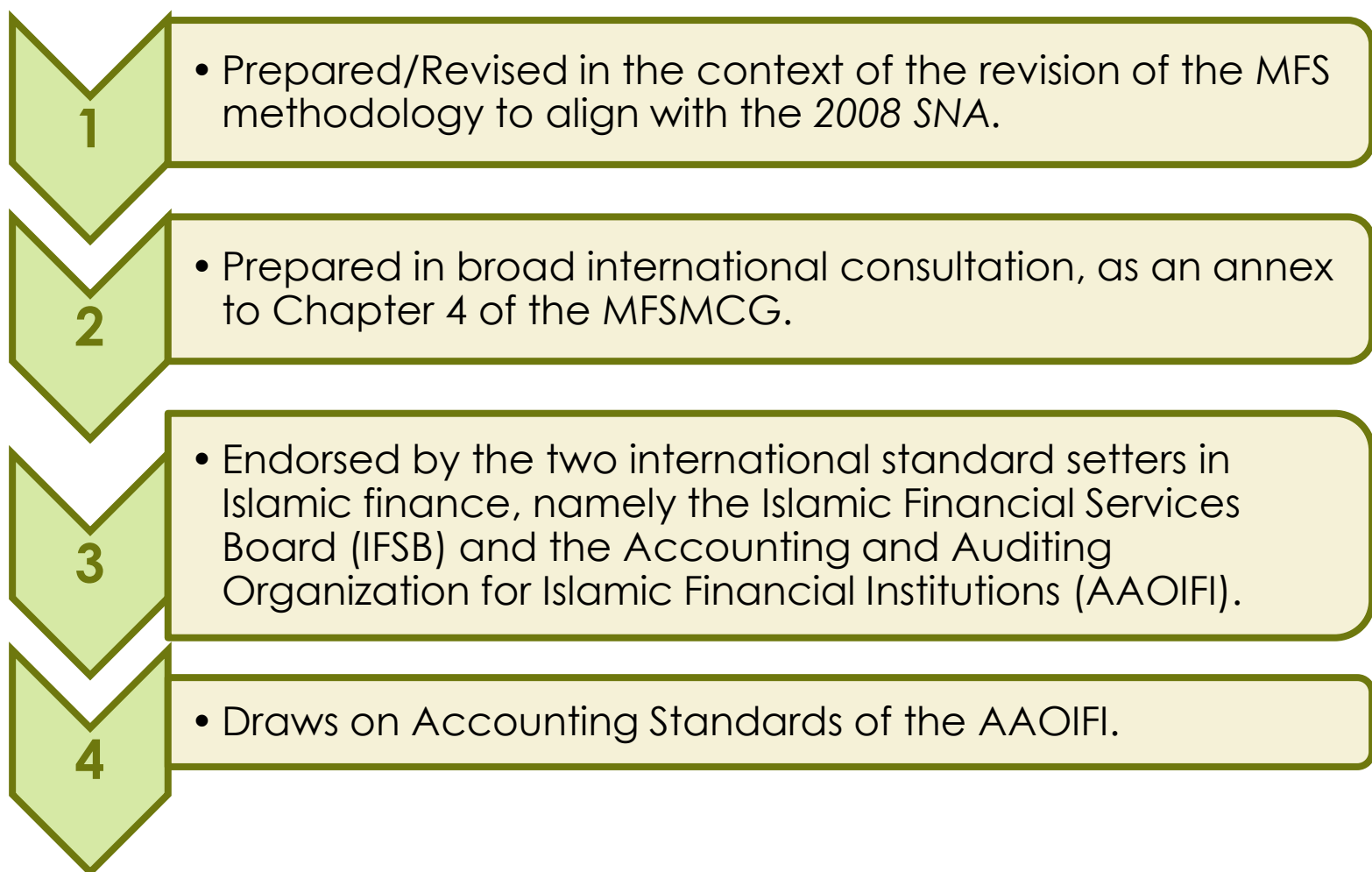
- Discusses the classification of IFIs into subsectors of the financial corporations sector for compiling monetary and financial statistics

3

- Provides guidance on the classification of various types of Islamic financial instruments for compiling monetary and financial statistics



Preparation of Annex 4.3





Updates of the International Methodologies for Macroeconomic and Financial Statistics

SNA 2008

BPM 6
(2009)

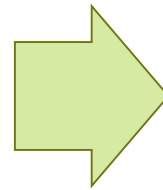
GFSM
(2014)

MFSMCG
(2016)



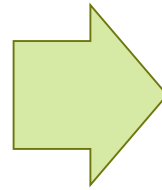
Sectoring of Islamic Financial Institutions (prevailing statistical practice)

IFIs with deposit-like liabilities (Qard, Wadiah, Amanah)



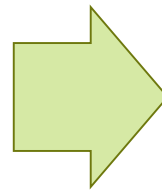
Other depository corporations (deposit-taking corporations)

IFIs not primarily involved in deposit-taking activities



Other financial corporations (for MFS purposes) (non-MMF investment funds)

IFIs mainly engaged in Takaful schemes



Insurance corporations



2008 SNA—Classification of Financial Instruments

Monetary Gold and SDRs

Currency and Deposits

Debt Securities

Loans

Equity and Investment Fund Shares

Insurance, Pension, and Standardized Guarantee Schemes

Financial Derivatives and Employee Stock Options

Other Accounts Receivable/Payable



Balance Sheet of Islamic Bank: An Example

Main Assets (Uses of Funds)	Main Liabilities (Sources of Funds)
Cash	Qard, Wadiah, Amanah, Qard-hasan, Zakah
Interbank Murabaha	Interbank Murabaha
Liquid Securities	Profit sharing investment accounts (PSIA) [Unrestricted Mudaraba*]
PLS Transactions (Mudaraba and Musharaka)	PLS certificates Participation term certificates
Asset-backed transactions (Murabaha, Ijarah, Bai Salam, Istina'a)	Sukuk issuance
Inventories	Reserve accounts (Profit Equalization Reserve [PER], Investment Risk Reserve [IRR])
Other nonfinancial assets	Shareholders' equity

* Restricted profit sharing investments are usually recorded off-balance sheet



Classification of Islamic Financial Instruments for MFS: Sources of Funds

Islamic Financial Instrument	MFSMCG
Qard, Wadiah and Amanah	Transferable deposits (or Other deposits)
Unrestricted Mudaraba (PSIA)	Other deposits
Participation term certificates	Other deposits, if treated as debt liabilities; Equity, if part of the capital base
PLS certificates, and investment deposit certificates (non-negotiable)	Other deposits (Do not provide a claim on the residual value of the IFI)
Mudaraba certificates (negotiable)	Debt securities
Sukuk (Murabaha, Musharaka, Mudaraba) [Islamic Debt Securities]	Debt securities (if negotiable), unless provides a claim on the residual value of the issuing entity
Shareholder's equity capital, including PER and IRR	Equity
Zakah funds	Off balance sheet
Restricted Mudaraba	Off balance sheet



Classification of Islamic Financial Instruments for MFS: Uses of Funds

Islamic Financial Instrument	MFSMCG
Cash	Currency
Asset-backed transactions (Murabaha, Bai Muajjal, Bai Salam, Istina'a, Ijarah)	Loans (If the underlying goods are for IFIs own use, should be classified as <i>Trade credit and advances</i>)
PLS Transactions—Mudaraba	Loans (provided the IFI does not acquire a claim on the residual value of the enterprise)
PLS Transactions—Musharaka	Loans (given it has a fixed-term nature and represents a fixed-term claim on the client rather than a claim on any residual value)
Qard-hasan financing	Loans



Takaful as a Form of Insurance

- *Takaful* is Islamic insurance that has emerged to complement IFIs, as an alternative form of conventional insurance.
- *Takaful* was invented as an Islamic way of mutual assistance to deal with uncertainties (*Al-Gharar*).
- In the context of compiling macroeconomic statistics, a *Takaful* company should be classified as an **insurance corporation**, if it meets the definition of insurance corporations (MFSMCG para 3.190).
- Claims and liabilities related to its main activities as a *Takaful* company, i.e. participants' contributions (*Tabarru'*), *Re-Takaful* contributions, and claims or compensations related to the *Takaful* policies, should be classified as **insurance, pension, and standardized guarantee schemes**