Welcome to the Presentation of Bangladesh Bureau of Statistics (BBS)
Islamic Finance in Bangladesh

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Outline

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• Scenario of IF in Bangladesh
• Practices of BBS in compilation of Financial Statistics
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Official Statistical system of Bangladesh

• Centralized Statistical System
• Statistical Act 2013
• Other Organizations Producing OS (Ministries, BB, BANBEIS)
About BBS

• BBS was established in 1974
• BBS plays the role of NSO
• BBS is mandated for OS
• Vision of BBS
  To become a world-class provider of authentic, relevant and timely data in a holistic and user-friendly manner.
• Mission of BBS
  To establish an integrated, professional, efficient and effective NSS, under the guidance and leadership of the BBS

To produce and publish official statistics that meet the current and growing needs of national and international users in a transparent and timely fashion using international standards and the best statistical practices
About BBS (Contd.)

- Organogram
Background of IF in Bangladesh

• Bangladesh is the most densely populated country with Muslim majority

• The country is treated as potential market for Islamic financial institutes since its independence in 1971

• In November 1982 a delegation of IDB visited Bangladesh and found that lot of work already been done in introducing Islamic banking
Chronology of IF in Bangladesh

• 1983- Inception of Islamic Banking
• 1989- Inception of Islamic Micro Finance Institutions
• 1999- Inception of Islamic Insurance
• 2001- Introduction of Non-Banking Islamic Financial Institutions
• 2010- Inception of Mutual Funds
• Inception of Separate Shariah Index:
  2014- DSE
  2016- CSE
Scenario of IF in Bangladesh

Islamic financing in Bangladesh at a glance;

<table>
<thead>
<tr>
<th>Type of institutions</th>
<th>Total number of Institutions</th>
<th>Number of Islamic institutions (Branches)</th>
<th>Having Islamic window (No. of windows)</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>57</td>
<td>8 (966)</td>
<td>15 (25)</td>
<td>20%</td>
</tr>
<tr>
<td>Non-Bank Financial Institutions</td>
<td>33</td>
<td>2</td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>Insurance</td>
<td>78 (L-32, NL-46)</td>
<td>11 (L-8, NL-3)</td>
<td></td>
<td>17%</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>35</td>
<td>3</td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>Microfinance</td>
<td>697</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Market</td>
<td>2</td>
<td>A separate shariah index comprising of 70 out of 293 companies in DSE and 63 out of 258 in CSE is being compiled</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Practices of BBS in compilation of Financial Statistics

• Currently BBS is using FY 2005-06 as the base year in compiling its national accounts statistics
• Islamic financing is not separately compiled in Financial Intermediation sector in current practice
Initiatives of BBS in compilation of IF data

• Recently a project has been taken to revise and rebase the current base year (FY 2005-06) to FY 2015-16

• Considering the importance and demand, initiatives have been taken to address the Islamic financing separately under financial intermediation sector including FISIM (Financial Intermediation Services Indirectly Measured) in upcoming national accounts compilation with the new base year.
Challenges/Limitations of IF in Bangladesh

• The country does not have a full-fledged law for the sector
• Central Bank is not compliant with Islamic banking since there is no separate money market for Islamic financing
• Absence of Islamic reinsurance company
• Lack of expertise in knowledge combination of shariah and Islamic finance
Conclusion

- Islami Bank Bangladesh Limited (IBBL) is considered to be the first interest free bank in Southeast Asia
- Faster growing of IF is attributed to its intrinsic value, uniqueness and distinctive system
- Islamic banking is growing rapidly in Bangladesh with a market share of about 20 percent
- A research by BIBM showed that the net profit margin for conventional banks was 1.9 percent against 3.6 percent for Islamic banking in 2016
- Islamic Bank Bangladesh Ltd (IBBL) is the leader in private banking.
- Sustainability of IF in Bangladesh is expected to be stronger
THANK YOU