

WELCOMING SPEECH by H.E. Ambassador Musa KULAKLIKAYA, DG of SESRIC
CONSULTATIVE MEETING ON
DEVELOPING ISLAMIC FINANCE INDUSTRY DATABASE FOR OIC COUNTRIES

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

*Distinguished Delegates, Ladies and Gentlemen,
Assalamu Alaykum we Rahmatullahi we Barakatuhu*

It is a great pleasure for me to welcome you all to the **Consultative Meeting on Developing Islamic Financial Industry Database for OIC Countries**, and thank you for accepting our invitation and participating in the Meeting.

I also want to express my profound gratitude for the kind cooperation of *Central Bank of Republic of Turkey* to realize this Consultative Meeting on the sidelines of the *15th Meeting of the Central Banks and Monetary Authorities of the OIC Member Countries* which has been taken place since 21 September 2017 here at this beautiful Mediterranean coast of Turkey.

Honorable Participants,

As we all know, Islamic finance is emerging as an alternative source of finance in addressing major development challenges and also funding for SDGs. As one of the main opportunities of Islamic World for development, Islamic Finance, also called participation finance, **sustains its growth**. According to the latest findings, the size of Islamic financial assets has risen from 820 billion USD to more than 2.14 trillion USD with a compound annual growth rate around 14% between 2008 and 2015¹.

However, greater convergence as well as harmonisation of regulatory standards among OIC countries is needed to improve long-term growth prospects of the industry. Through a sound and enabling architecture in the financial system, Islamic finance could turn out to be an effective instrument for **eradicating poverty and sharing prosperity** for all.

Islamic finance is indeed both the concern and challenge of Muslim communities in the world; hence the problems of data issues of this niche area should be prioritised and handled by Muslim countries and OIC mainly.

In fact, we, at SESRIC, have recently **paid special attention** to the issue of the potential of Islamic banking and finance in our programmes and activities.

Esteemed Delegates, Sisters and Brothers,

There is an obvious **lack of coordination and harmonization** concerning Islamic finance data in OIC countries that are readily accessible, consistent and comparable across countries. Such a database is **not only** essential just to support improved policy assessment and formulation of strategies by decision makers **but also** to design and promote quality research in the field of Islamic finance. Currently available databases are constrained by limited coverage, consistency, and gaps in time series.

¹ SESRIC Staff Calculations, SWOT, June 2017

SESRIC, in collaboration with the relevant national and international stakeholders, aims to construct an Islamic Finance Industry Database for OIC countries. Given its mandate within the OIC structure **as the main responsible body of statistics related activities and also hosting the OICStat Database**, the engagement of SESRIC in this project as the ultimate host of the database is crucial..

In this context, SESRIC has initiated the project titled “**Developing Islamic Financial Industry Database of OIC Countries**” in close collaboration with the relevant international organisations. In this regard, I would like to convey my sincere thanks to Dr. Zamir Iqbal, the former head of World Bank Global Islamic Finance Development Center for his immense support for this project from the very beginning.

The main objective of this project is to come up with a **well-designed standard templates** to facilitate the development of a comprehensive, user friendly and harmonized statistical database for the Islamic financial industry in OIC countries, covering banking, capital markets, insurance, and non-bank financial institutions sector.

Building on the lessons learnt from previously initiated projects by other stakeholders, this project is further expected to **identify** the major issues, **develop** standardized methodology including the templates for data collection, and **collaborate** with national and international stakeholders.

In this respect, our collaboration with the **Central Banks, Monetary Authorities, National Statistical Offices** and **Academicians** of our member countries is crucial since they have valuable practice in collecting and disseminating the data at national level.

At global level, we welcome all the relevant international institutions such as *Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)*, *General Council for Islamic Banks and Financial Institutions (CIBAFI)*, *Islamic Development Bank (IDB)*, *Islamic Financial Services Board (IFSB)*, *International Islamic Financial Market (IIFMI)*, *Islamic Research and Training Institute (IRTI)*, *United Nations Statistics Division (UNSD)*, *International Monetary Fund (IMF)* and *World Bank Global Islamic Finance Development Centre*, as they have a long experience in monitoring the trends in the levels of financial inclusion in many developing countries around the world, including the OIC countries.

Distinguished Guests,

At the outset, our project aims to **raise awareness** of decision makers in terms of their national Islamic financial industry data with a view to embrace the statistical data specific to the Islamic countries. The collection, collation and dissemination of Islamic financial industry data towards a reliable financial database will also **contribute to the academia** by increasing the number of research studies

In this respect, **all stakeholders related to Islamic financial industry statistics will benefit from accurate and comprehensive quality data**. Overall, the project serves to **increase statistical capacity** concerning Islamic financial industry in OIC region by introducing the **standardized Islamic Finance indicators and methodology**.

As an earlier goal for the **development of a template of standardized indicators together with their methodologies** that will be used in various aspects of Islamic banking, capital markets, non-bank financial channel, and takaful activities, it is prudent to undertake a thorough **scoping analysis** involving a **multi-year implementation and cooperation plan** in advance with the valuable feedback of the eminent experts which have expertise in the field.

In order to develop cooperation means in this area and to receive the comments and advises of relevant stakeholders in order to prepare a technical conceptual framework, a **Stakeholder Meeting** was organized on **9 October 2016** in the margins of the IMF-World Bank Annual Meetings in Washington DC, USA to discuss the **feasibility and methodology** for the project by taking earlier attempts into consideration as well. Based on the feedback received during the Stakeholder Meeting, a **draft project document** was prepared.

Additionally, we had designed and circulated a **Questionnaire** to diagnose current stance of the countries in Islamic finance data collection, compilation, and dissemination practices and the challenges and needs of the OIC countries in terms of Islamic finance statistics and circulated it to the National Statistical Offices (NSOs), Central Banks and Monetary Authorities of OIC countries in 2017.

Unfortunately, we had received only 9 complete and 20 partially complete answers so far. In this regard, I would like to iterate our expectation of receiving answers to the Questionnaire by the end of October to better reflect the situation in the project document.

In this regard, this **Consultative Meeting** has been also planned to get input from you, the senior representatives of the Central Banks and Monetary Authorities, Capital Market Authorities and National Statistical Offices of OIC Member Countries and relevant International Organisations on the **design, scoping and planning of the project document** and hence the project itself as well as the way forward.

The **ultimate goal** of our project is to facilitate the formulation of effective and efficient strategies by decision makers on financial inclusion and market development and to provide the required reliable statistical data to the public and private sector including all policy makers and researchers with a view to improving the literature on this industry.

Dear Colleagues, Sisters and Brothers,

Today, through this **Consultative Meeting**, we are here to **examine** possibilities for harmonizing and enhancing the Islamic financial industry statistics in National Statistical Systems (NSSs) of OIC member countries as well as at global level, and **discuss the challenges and envision the scope** of collecting, compiling and disseminating Islamic financial industry data through the perspectives of Central Banks, monetary authorities, National Statistical Offices and regulatory and supervisory authorities.

In this regard, I am sure that this Consultative Meeting will not only provide us the opportunity to listen the experiences of international organizations and our member countries, but also will foster exchanges of knowledge to bring about an **effective cooperation and collaboration mechanism** among the relevant national and international stakeholders for building a **sustainable Islamic Finance data ecosphere**. I do believe that throughout the sessions today, we will also contemplate on how to raise **awareness** on Islamic Finance data issues.

The participation of all relevant national and international stakeholders will **strengthen the scope and content of this important initiative. Let's strengthen our power by combining our forces!**

Wishing you very productive deliberations, I pray to Allah Almighty to help us all and guide our steps to improve prosperity and welfare in our societies.

Wassalamu Alaykum we Rahmatullahi we Barakatuhu