



# Thirty-Seventh Meeting of the IMF Committee on Balance of Payments Statistics

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BOPCOM—21/26  
For information

## Overview of the Work of the Islamic Finance Task Team

Prepared by the Islamic Finance Task Team (IFTT)

INTERNATIONAL MONETARY FUND



## Overview of the Work of the Islamic Finance Task Team<sup>1</sup>

*This note presents an overview of the activities and the progress made by the Islamic Finance Task Team (IFTT) since the last meetings of the IMF's Committee on Balance of Payments Statistics (the Committee) and the Advisory Expert Group on National Accounts (AEG) in October 2020. The IFTT has since prepared the first draft of the consolidated guidance note (GN) which combines the six research topics identified in its work plan and twenty sub-related issues. The consolidated GN is presented to this Committee meeting for preliminary discussion and, once the Committee's comments are incorporated, will be submitted to the upcoming AEG/ISWGNA meeting and the Balance of payments Task Team (BPTT) for endorsement for global consultation. The final version of the consolidated GN will be prepared for endorsement at the February 2022 Committee and March 2022 AEG meetings (see the detailed activities and timeline in Appendix I).*

### INTRODUCTION

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1. **In 2020, the Islamic Finance Task Team (IFTT) was established to address the need for comprehensive and coherent internationally endorsed recommendations to account for Islamic finance in the national accounts (NA) and external sector statistics (ESS).** The IFTT was set up by the Intersecretariat Working Group on National Accounts (ISWGNA) and the IMF's Committee on Balance of Payments Statistics (the Committee) in the process of updating the International Statistical Standards. It expands on the work done by the [Islamic Finance Task Force \(IFTF\)](#)<sup>2</sup> in the context of NA and uses its recommendations as the starting point to develop consistent guidance on the treatment of Islamic finance in the national and international accounts using a holistic and integrated macroeconomic statistical framework.

### OVERVIEW OF THE IFTT'S WORK

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#### RESEARCH TOPICS

2. **The IFTT's work plan includes developing guidance on six research topics it identified for the statistical treatment of Islamic Finance in the national and international accounts.** The recommendations were developed using the outcomes of the former IFTF as the starting point to address main issues arising from the intrinsic nature of Islamic finance and its specific provisions, that are:

- (i) Terminology for the investment income for Islamic deposits, loans, and debt securities;
- (ii) Sectorization and output of Islamic financial entities;
- (iii) Economic ownership of non-financial assets related to sales, lease, and equity financing which are legally owned by Islamic financial corporations;
- (iv) Classification of Islamic financial instruments and corresponding investment income;
- (v) Reference rates and terminology to calculate Islamic FISIM; and
- (vi) Islamic insurance (takaful and retakaful).

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<sup>1</sup> Prepared by the IFTT co-chairs and the secretariat.

<sup>2</sup> Formed by the United Nations Statistics Division (UNSD) and the Statistics Division of the Economic Commission for Western Asia (ESCWA) under the auspices of the ISWGNA in 2017.

## MAIN STAGES AND OUTCOME OF RESEARCH CONSOLIDATION OF THE GUIDANCE NOTE

3. **The first stage of the work of the IFTT was conducted by six “Research topic Sub-Task Teams” which were formed and assigned to the six respective topics identified in the work plan.** The six sub-task teams each organized three rounds of virtual meetings—in parallel with written/collaborative/interactive consultations from January to April 2021—in order to gain a better understanding of the nature of the Islamic finance and its standards and practices. Based on the sub-task teams’ outcomes, the global research process was coordinated thoroughly to identify and resolve the cross-cutting issues which may sometimes be intertwined for different topics with no obvious borderline.
4. **Further, the IFTT discussed three options to present the output of its research:** (i) retain one consolidated GN, (ii) present six separate guidance notes, or alternatively, (iii) combine some research topics together to reduce the total number of GNs to be presented by IFTT. The first option was preferred, taking into consideration the risk of loss of information in the second and third options. Also, Option (i) inevitably resulted in a rather lengthy guidance note exceeding 20 pages although this was mitigated by moving some useful details on the various topics to the accompanying papers in the annexes, together with the detailed classification and sectorization matrices. The first draft of the consolidated guidance note was circulated to all the IFTT members in August 2020 for a comprehensive review.

## WAY FORWARD

5. **The joint efforts are coordinated to conduct simultaneous wider global consultation of the NA and the ESS communities from end November 2021.** In addition, for the global consultation, the IFTT will translate the guidance note into Arabic, given the relevance of Islamic finance in the Middle East region and the request by ESCWA countries during the inception webinar for the Arab Region “*Towards the 2025 SNA*” on July 5, 2021. The IFTT also intends to organize a webinar a few days after the start of the global consultation to better publicize and explain the recommendations among compilers communities. Further, the final version of the IFTT consolidated GN will be submitted for endorsement at the February 2022 and the March 2022 meetings of the Committee and the AEG, respectively, noting beyond that, the need for testing the recommendations in relevant economies.

### Appendix I. IFTT Activities and Timeline

No	Activity	Deadline	Duration
<b><i>Main finalized activities</i></b>			
1	Circulate first draft of consolidated guidance note to IFTT	20-Aug-21	-
2	Review of consolidated guidance note by IFTT members	10-Sep-21	3 weeks
3	Incorporate comments and submit to BOPCOM/AEG/ISWGNA	24-Sep-21	2 weeks
<b><i>Upcoming activities</i></b>			
4	Presentation to BOPCOM for preliminary discussion	27,28-Oct-21	-
5	Presentation to AEG/ISWGNA meeting and BPTT for endorsement for global consultation	15-Nov-21	-
6	Incorporate comments from AEG/ISWGNA meeting and BOPCOM meeting/BPTT	29-Nov-21	2 weeks
7	Translate consolidated guidance note into Arabic and conduct global consultation	29-Nov-21	-
8	Global consultation	10-Jan-22	6 weeks
9	Incorporate comments from global consultation and submit to BOPCOM/AEG/ISWGNA	31-Jan-22	3 weeks
<b><i>Final endorsement</i></b>			
10	Presentation to BOPCOM meeting for endorsement	Feb-22	-
11	Presentation to AEG/ISWGNA meeting for endorsement	Mar-22	-
12	Testing of recommendations, if necessary		

## Appendix II. Members of the Islamic Finance Task Team

### Chairs:

Ms. Amina Khasib (PCBS, State of Palestine)

Mr. Mounir Rhandi (FEO, Morocco)

### Secretariat:

Ms. Wafa Aboul Hosn (ESCWA)

Mr. Omar Hakouz (ESCWA)

Mr. Herman Smith (UNSD)

Mr. Benson Sim (UNSD)

### International Organizations:

Ms. Farida Cassim (AAOIFI)

Mr. Omar Mustafa Ansari (AAOIFI)

Mr. Mohammad Majd Bakir (AAOIFI)

Mr. Rizwan Malik (AAOIFI)

Dr. Muhammad Bilal (CIBAFI)

Mr. Rachid Ettaai (CIBAFI)

Mr. Alick Mjuma Nyasulu (ESCAP)

Mr. Ahmed Al Farid (GCC-Stat)

Dr. Abideen Adeyemi Adewale (IFSB)

Dr. Aminath Amany (IFSB)

Mr. Ali Rashed (IsDB)

Dr. Atilla Karaman (SESRIC)

Mr. Abdulhamit Ozturk (SESRIC)

Ms. Samah Torchani (IMF)

Mr. Levan Gogoberishvili (IMF)

Mr. Artak Harutyunyan (IMF)

Mr. Malik Bani Hani (IMF)

### Countries:

Dr. Muhammad Amir Hossain (Bangladesh Bank)

Ms. Pujiastuti Abassuni (Bank Indonesia)

Mr. Suswandi (Statistics Indonesia)

Mr. Mohd Yazid Kasim (Department of Statistics, Malaysia)

Ms. Norhayati Razi (formerly Central Bank of Malaysia)

Ms. Bouchra Farghsaoui (High Commission for Planning, Morocco)

Ms. Derya BAŞ Sonbul (TurkStat, Turkey)

Mr. Abd El Shafi El Ashmawy (FCS Authority, UAE)

Mr. Perry Francis (Bank of England, United Kingdom)

Mr. Michael Lyon (Bank of England, United Kingdom)

### Universities/Others:

Mr. Ragheed I. Moghrabi (RH University, Lebanon)

Dr. Tawfik Azrak, (Social Sciences University of Ankara, Turkey)

Mr. Russell Krueger (Independent Expert)