

By Shahid Iqbal

Islamic banks` market share rises to 14.4pc

KARACHI: Market share of Islamic banking assets in the overall banking industry by the end of last fiscal year rose to 14.4 per cent compared to 12.9pc in June 2018, said the State Bank`s Islamic Banking Bulletin: April-June 2019 on Friday.

Islamic banking industry`s assets in the quarter ending June grew by 7.3pc rising to Rs2.99 trillion, compared to Rs2.79tr in the previous quarter.

The market share of Islamic banking assets in the overall banking industry`s assets reached to 14.4pc whereas the share of net financing and investments in total assets (net) of Islamic banking industry stood at 51.6pc and 20.3pc respectively, added the report.

Moreover, the Islamic banking sector`s deposits grew by 9.8pc (Rs216 billion) to Rs2.415tr by June.

The report added that the sector`s profit before tax rose to Rs32bn compared to Rs15bn in the same quarter last year. However, the report did not mention the Islamic banking sector`s profit after tax.

The sector`s profitability ratios including return on assets and return on equity before tax were recorded at 2.3pc and 35.3pc respectively. During the period under review, the sector`s operating expense to gross income ratio witnessed further improvement and clocked in at 52.6pc, compared to 54.7pc in the previous quarter.

Investments (net) of Islamic banking industry clocked in at Rs606bn compared to Rs 617bn in the previous quarter. During the period, investments (net) of both Islamic banks and Islamic banking branches witnessed slight attrition of 0.8pc and 3.3pc respectively.

“This can be mainly attributed to non-issuance of sovereign sukuk during the period,” said the report.

Liquid assets to total assets and liquid assets to total deposits of Islamic banking industry increased to 23.2pc and 28.7pc respectively. On the other hand, financing to deposits ratio (net) increased to 63.9pc compared to 53.2pc for overall banking industry.

In terms of sector-wise financing, production and transmission of energy retained its leading position as its share in overall financing from the Islamic banking was recorded at 17.9pc, followed by textile and individuals both having respective shares of 11.6pc.

Review of client wise financing data revealed the corporate sector accounting for 73.5pc share in the overall financing of Islamic banking industry, followed by commodity financing with a share of 10.6pc and consumer financing 10.4pc.

The share of small and medium enterprises (SMEs) financing and agriculture financing from the Islamic banking sector was recorded at 3.7pc and 0.5pc respectively.