Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)

FINANCIAL OUTLOOK OF THE OIC MEMBER COUNTRIES 2017

COMCEC COORDINATION OFFICE
October 2017

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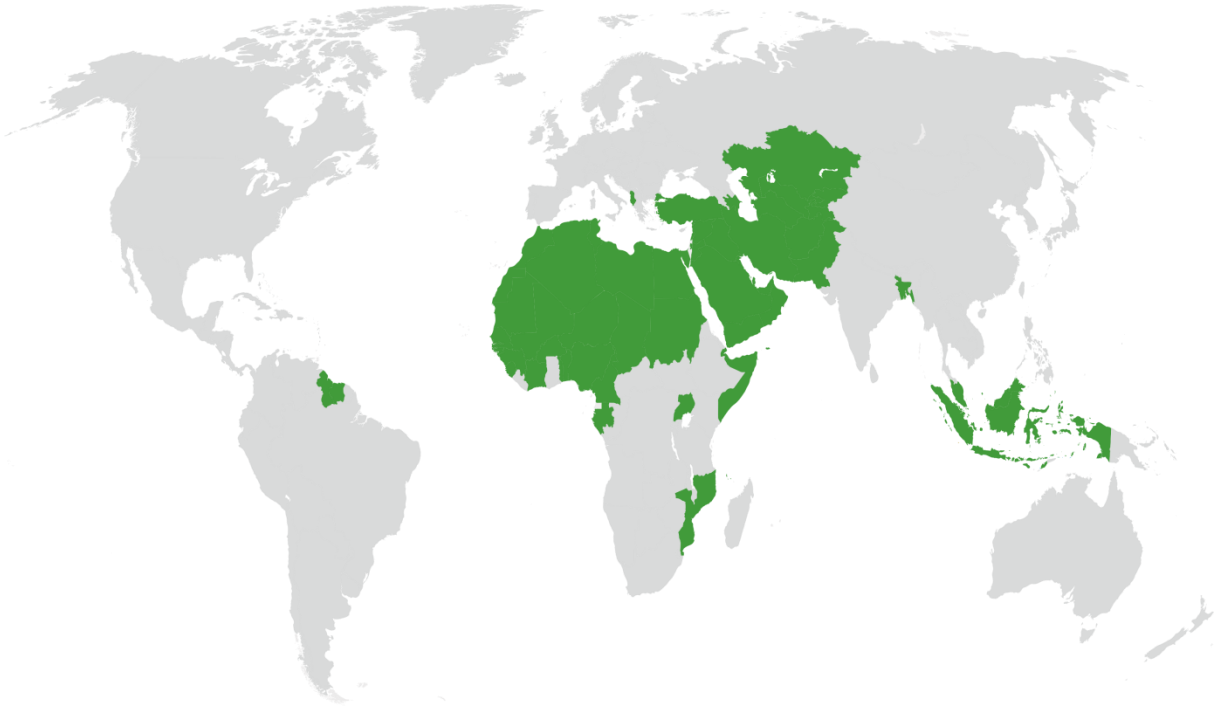

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PREFACE

The Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC) Financial Outlook is a contribution of the COMCEC Coordination Office to enrich the discussions during the Financial Cooperation Working Group Meetings being held twice a year. Financial Cooperation Working Group is established as part of the implementation of the COMCEC Strategy. For developing a common approach, approximating policies and to address and find solutions for the financial challenges of the OIC Member Countries in financial cooperation, the COMCEC Strategy envisages Financial Cooperation Working Group as one of the implementation instruments of the Strategy. In this respect, Financial Cooperation Working Group Meetings aim to provide a regular platform for the member countries' experts to elaborate financial cooperation issues and share their best practices and experiences.

COMCEC Financial Outlook 2017 is prepared by Mr. Cafer BIÇER and Mr. Cezmi ONAT to present a general outlook of the financial system of the OIC Member Countries highlighting the potential areas for cooperation as well as evaluating the recent developments in the global economic and financial system.

Views and opinions expressed in the report are solely those of the authors and do not represent the official views of the COMCEC Coordination Office or the Member States of the Organization of Islamic Cooperation. The final version of the report is available at the COMCEC website.* Excerpts from the report can be made as long as references are provided.

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ABBREVIATIONS

BIS	Bank for International Settlement
COMCEC	Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation
GDP	Gross Domestic Product
EMDE	Emerging Markets and Developing Economies
IMF	International Monetary Fund
MENA	Middle East and North Africa
NIM	Net Interest Margin
NPL	Non-Performing Loans
OIC-LIG	OIC-Low Income Group
OIC-LMIG	OIC-Lower Middle Income Group
OIC-UMIG	OIC-Upper Middle Income Group
OIC-HIGH	OIC-High Income Group
OECD	Organization for Economic Co-operation and Development
PCM	Project Cycle Management
OIC	Organization of the Islamic Cooperation
SESRIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SDG	Sustainable Development Goals

INTRODUCTION

The financial system of an economy comprises of banks, capital markets, pension and mutual funds, insurers, central bank, as well as regulatory and supervisory authorities. These institutions and markets provide a framework for undertaking economic transactions and provide an efficient mechanism to channel savings into investment, which is expected to create an environment for supporting economic growth. In this regard, issues in financial systems not only disrupt the role of intermediation in the financial markets, but they can also destabilize the effective working of other units in the economy; thereby causing economic crises and downturns. Moreover, increasing inter connection among financial institutions and markets can cause to spread crises rapidly across national borders.

Well-functioning financial systems are essential for both domestic and international economic and financial stability. In this regard, it is an increasing trend that more studies and research put efforts to focus on the importance of financial stability for an efficient mechanism of the markets on the global scale as well as well-functioning of individual economies. Therefore, finance and financial cooperation have become an important area for policymakers to consider relations between financial stability and economic development. Due to increasing connectivity among financial institutions, resilient financial systems that are well-regulated and well-supervised are essential for both domestic and international financial stability.[1]

The bulk of the empirical literature on finance and development suggests that well-developed financial systems play an independent and causal role in promoting long run economic growth. Financial systems help mobilize and pool savings, provide payments services that facilitate the exchange of goods and services, produce and process information about investors and investment projects to enable efficient allocation of funds, monitor investments and exert corporate governance after these funds are allocated, and help diversify, transform and manage risk.[2]

In this sense, as the global markets have become more and more interdependent, the importance of financial cooperation among relevant economic units has emerged as a crucial cross cutting theme to reach well-functioning financial markets and to raise sufficient funds for the economic development.

For example, closing the investment gap to achieve the Sustainable Development Goals (SDGs) of the United Nations by 2030 requires the mobilization of significant financial resources. It is estimated that the least developed countries need to increase annual average rate of investment at least 11 percent through 2030. This significantly exceeds the rate of investment growth between 2010 and 2015, which averaged 8.9 percent annually. At the same time, the global environment, including the weak economy, low trade growth, soft commodity prices, volatile international capital flows, and the increase of geopolitical risks make raising long-term investment and increasing capital formation particularly challenging.[3]

As a broad regional international organization, The COMCEC is one of the four standing committees of the OIC which is responsible for enhancing economic and commercial cooperation among the Member States. Since the commencement of its activities in 1984,

[1] Financial Systems Soundness Indicators 2016, IMF

[2] Demirgüç-Kunt, Aslı, 'Finance and Economic Development: The Role of Government', December 2008

[3] UN World Economic Situation and Prospects 2017

COMCEC has initiated many programs and projects towards improving financial cooperation among the OIC Member States. In addition, the COMCEC Strategy identified financial cooperation as one of the major cooperation areas and envisaged the establishment of the Financial Cooperation Working Group as an important instrument for strengthening financial cooperation among member countries.

Furthermore, cooperation among the Stock Exchanges, Capital Market Regulators and Central Banks and Monetary Authorities of the Member States are other crucial ongoing endeavors in the field of financial cooperation under the COMCEC.

Highlighting the recent global economic and financial developments briefly, this Outlook mainly aims to present a general outlook of the financial system of the OIC Member States.

This Outlook is comprised of four main sections:

The First Section briefly describes recent economic and financial developments at global, regional and country level as well as their impact on the global financial system.

The Second Section gives a general overview of the financial system of the OIC Member States. It outlines financial depth, financial access, financial efficiency and financial stability in addition to the weaknesses and strengths of the OIC Member States according to selected financial benchmarking data. In this Outlook, the OIC Member States are classified according to their income levels.

The Third Section briefly addresses Islamic Finance Industry.

The Fourth Section underlines the cooperation efforts under the COMCEC Strategy and the on-going activities under the COMCEC in this field.

The Appendix Section gives the details of all figures of each OIC Member Countries analyzed in the report.

1. RECENT ECONOMIC AND FINANCIAL DEVELOPMENTS

In 2016, the world economy expanded by 2.4 percent, the slowest rate of growth since the Great Recession of 2009. The main reasons of the sluggish growth in the global economy are the weak pace of global investment, declining world trade growth, weakening productivity growth and high levels of debt. Low commodity prices have exacerbated these factors in many commodity-exporting countries since mid-2014, while conflict and geopolitical tensions continue to weigh on economic prospects in several regions. While the world economy is estimated to grow by 2.7 percent in 2017, Emerging Markets and Developing Economies (EMDE) are expected to expand by 4.1 percent in this year. Commodity exporters in developing countries are also expected to see some slight increase in growth, as commodity prices stabilize and inflationary pressures driven by sharp exchange rate depreciations ease. East and South Asia will continue to grow more rapidly than other regions, benefiting from robust domestic demand and space for more accommodative macroeconomic policy. [4]

Weak investment is at the foundation of the slowdown in global growth. Investment growth has slowed significantly in many of the major developed and developing economies. Protracted weak global demand has reduced incentives for firms to invest, while economic and political uncertainties have also weighed on investment. Lack of access to finance has also acted as a constraint in some cases, especially in countries where banks remain undercapitalized or where financial markets are under-developed. Since mid-2014, Governments in many commodity-exporting countries have also curtailed much-needed investment in infrastructure and social services, in response to the sharp loss of commodity revenue.[5]

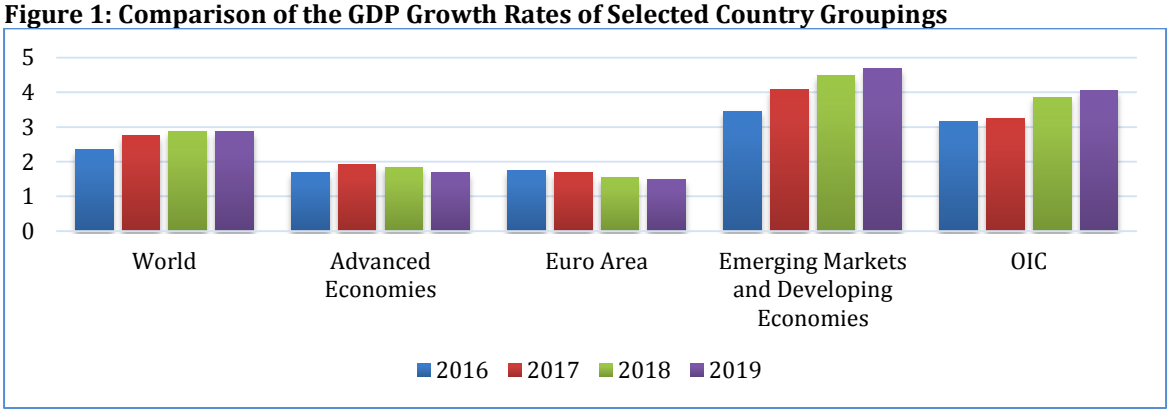
Global economic prospects remain subject to significant uncertainties and risks that are weighted on the downside for the upcoming years. Some of these risks stem from monetary policy actions in major developed economies. The impact of introducing untested monetary policy instruments — such as the negative interest rate policies in Japan and Europe — remains unclear. The timing of interest rate rises in the United States is another area of uncertainty. As interest rate differentials relative to other developed economies widen, this has the potential to trigger financial volatility, reversal of capital inflows to developing economies, and abrupt adjustments in exchange rates. Such volatility would exacerbate vulnerabilities associated with high levels of debt and rising default rates in a number of developing countries, with the potential to push up borrowing costs, raise deleveraging pressures, and increase banking sector stress.[6]

Under these circumstances, world economy has been projected to grow at 2.7 percent in 2017 and 2.9 in 2018 according to the World Bank. After a modest growth of 1.6 percent in 2016, advanced economies are expected to pick up slightly for the years 2017 and 2018 and projected to grow 1.9 and 1.8 percent respectively. On the other hand, growth performances of the EMDE are expected to reach 4.1 and 4.5 percent respectively for the years 2017 and 2018 after performing 3.5 percent growth in 2016.[7]

[4] World Bank Global Economic Prospects, June 2017
[5] UN World Economic Situation and Prospects 2017
[6] UN World Economic Situation and Prospects 2017
[7] World Bank Global Economic Prospects, June 2017

The growth performances of the OIC countries are expected to realize slightly lower than the average of the EMDE during the same period. The OIC countries are projected to grow by 3.9 and 4.1 percent in 2017 and 2018 respectively after growing 3.2 percent in 2016.

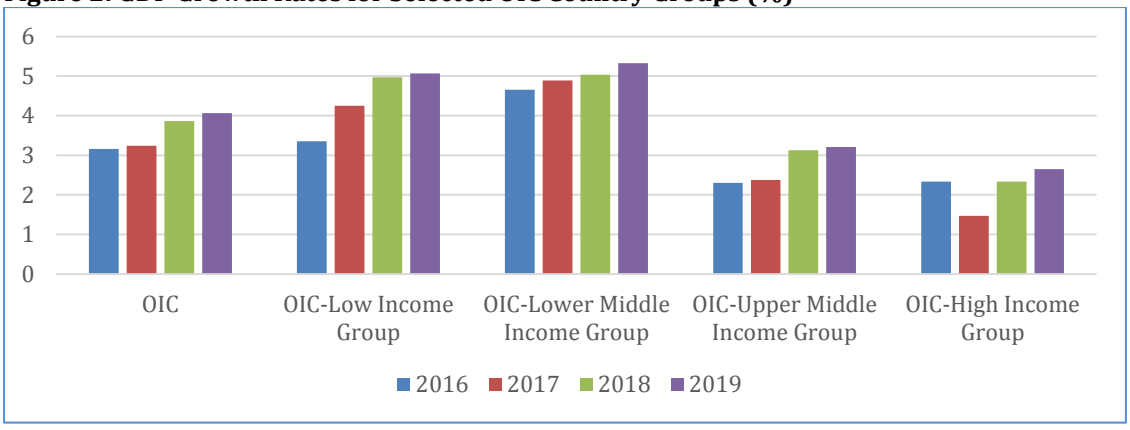
Figure 1: Comparison of the GDP Growth Rates of Selected Country Groupings



Source: World Bank Global Economic Prospects, June 2017

Advanced economies started 2017 on a solid note, with investment and exports regaining momentum after subdued growth in 2016. Private consumption decelerated in early 2017, but has been supported by labor market improvements. Import demand has strengthened, further contributing to a recovery in global trade. In 2017, growth is expected to pick up in the United States and Japan, and to remain broadly stable in the Euro Area.[8]

Figure 2: GDP Growth Rates for Selected OIC Country Groups (%)



Source: World Bank

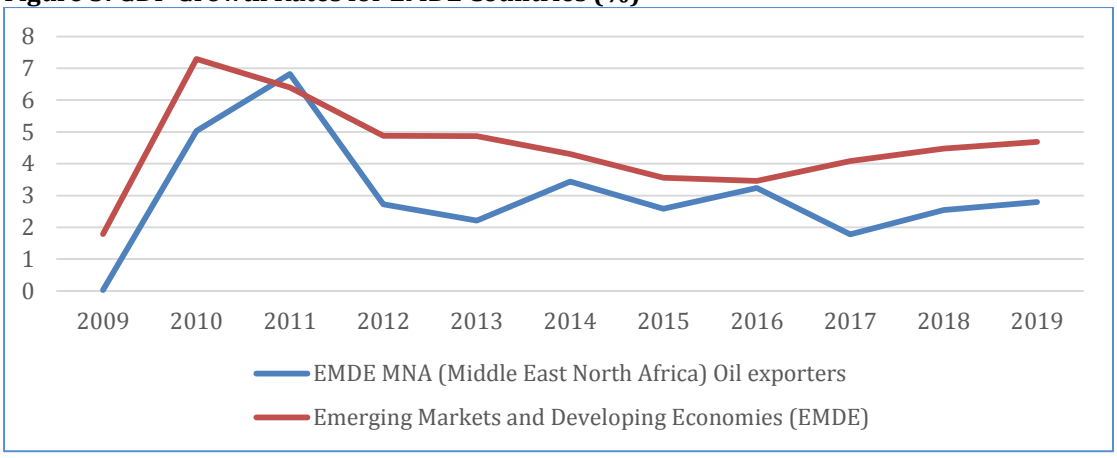
The GDP growth rates of OIC countries has slowed down to 3.3% in 2015, as compared to 4.1% in 2014, and expected to stay subdued around this level during 2016 and 2017 which is in line with the global slowdown in economic activity. This is mainly related to the decline in oil prices and macroeconomic distress for oil exporting countries like Saudi Arabia, Iran, Nigeria and United Arab Emirates etc. However, the growth prospects for the OIC member countries are expected to increase to 3.9 and 4.1 percent during 2018 and 2019 respectively.

[8] World Bank Global Economic Prospects, June 2017

Most of the total OIC GDP is produced by a few member countries. In 2015, the top 10 OIC countries in terms of the volume of GDP produced 73.8% of the total OIC countries output. Among these countries Indonesia has the highest share in OIC GDP (16.7%) followed by Saudi Arabia (9.9%), Turkey (9.3%) and Iran (8.0%). For that reason, the overall economic performance of the group of the OIC member countries remained highly dependent on the developments in these ten countries[9].

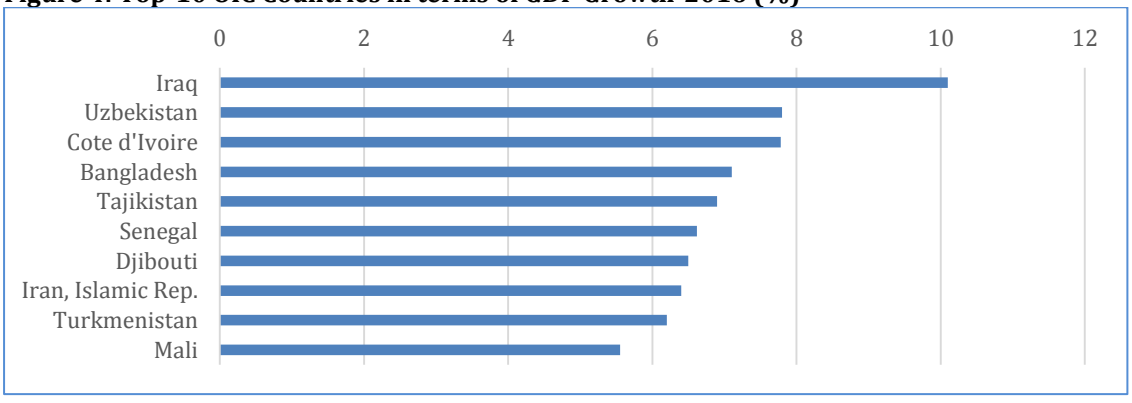
The figure below depicts the GDP growth rates of the selected country groups, namely all EMDE (Emerging Markets and Developing Economies) countries and EMDE MNA (Middle East and North Africa) Oil Exporters. The figure clearly shows how oil exporting countries have differed negatively from the average of all EMDE countries over the selected period. After 2014 as the oil prices plummeted sharply the economic growth of all commodity exporters showed a sluggish performance.

Figure 3: GDP Growth Rates for EMDE Countries (%)



Source: World Bank, Global Economic Prospects, constant 2010 US$.

Figure 4: Top-10 OIC Countries in terms of GDP Growth-2016 (%)

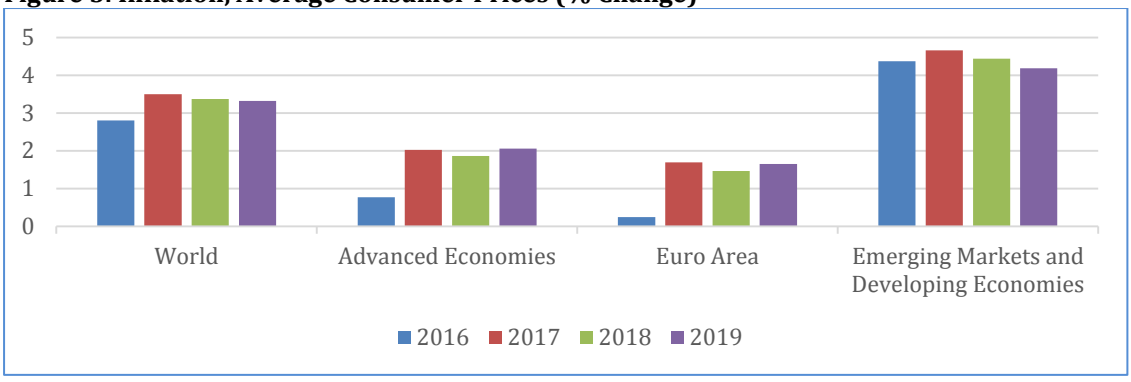


Source: World Bank, Global Economic Prospects

[9] 2016 OIC Economic Outlook, SESRIC

In 2016, average global inflation increased slightly to 2.4 percent from 2.1 percent in 2015, which was the lowest level registered since the global financial crisis. While inflation in the advanced economies remained below 1 percent in 2016 reflecting the impact of the drop in global energy prices, it is expected to realize around 2 percent during next three years.

Figure 5: Inflation, Average Consumer Prices (% Change)



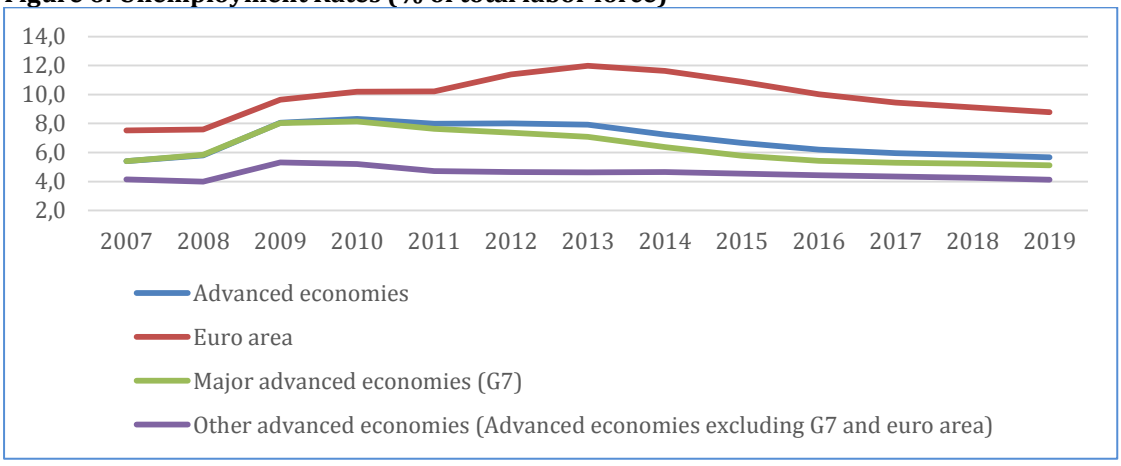
Source: IMF WEO April 2017

While the unemployment rates in some large developed countries, including Germany, Japan, the United Kingdom and the United States, have receded towards or below pre-crisis levels, most other members of the EU continue to struggle with high unemployment rates. Unemployment rates are generally low in East Asia, but rising unemployment in parts of South America, including Argentina, Brazil and Colombia, is raising concerns. Western Asia also suffers high unemployment, particularly among youth. Youth unemployment is a widespread global concern, impeding progress towards the SDGs. In 2016, 35 percent of unemployed people globally were aged 15-24, although this cohort represents only 15 percent of the world's labor force.[10]

According to the latest available data, OIC member countries recorded significantly higher average unemployment rates compared to the world and non-OIC developing countries during the period 2000-2015. During this period, total unemployment rates in OIC countries changed between 8.1% and 7.5%. After the global financial crisis, unemployment rates in developed countries increased from a level below 6% to over 8%. During the period 2009-2013, average unemployment rate in developed countries remained higher than the rate in OIC countries. In 2015, OIC countries recorded a rate of 7.5%, while it is estimated at 6.8% in developed countries.[11]

[10] UN World Economic Situation and Prospects 2017
[11] 2016 OIC Economic Outlook, SESRIC

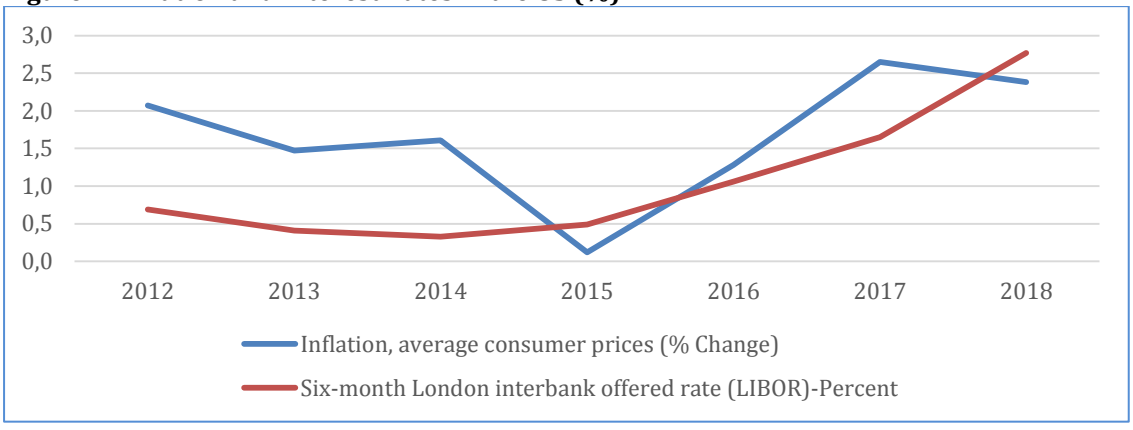
Figure 6: Unemployment Rates (% of total labor force)



Source: IMF WEO April 2017

Downside risks to global growth include rising protectionism, high policy uncertainty, and the possibility of financial market disruptions. U.S. monetary policy has tightened gradually so far, but a faster pace would impact global financing conditions. Central banks in advanced economies will gradually normalize monetary policy as inflation increases and economic slack diminishes. While the U.S. tightening cycle is well ahead of other major advanced economies, it is proceeding at a substantially slower pace than in the past. [12]

Figure 7: Inflation and Interest Rates in the US (%)



Source: IMF WEO April 2017

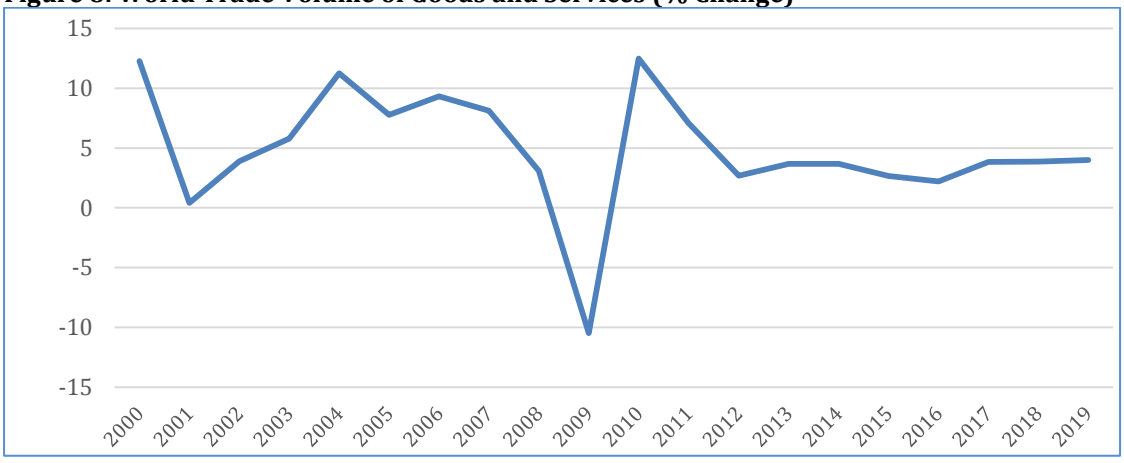
As shown in the above figure, after the global financial crisis the real interest rates have recorded negative levels in the US; however after 2015 inflation rates have started increasing in parallel to the interest rates and it is expected to reach zero level real interest rate by 2018.

Global trade growth has rebounded in early 2017 from a post-crisis low of 2.5 percent in 2016, despite rising trade policy uncertainty. The recovery, which began in the second half of 2016, has been supported by stronger industrial activity. Investment growth in advanced economies is firming, and the post- crisis deceleration in capital spending observed in EMDEs appears to be easing as the earlier terms-of-trade shock for commodity exporters wanes. A recovery in

[12] World Bank Global Economic Prospects, June 2017

goods trade is supporting an upturn in China's exports, which in turn boosts imports of intermediate products across regional and global value chains.[13]

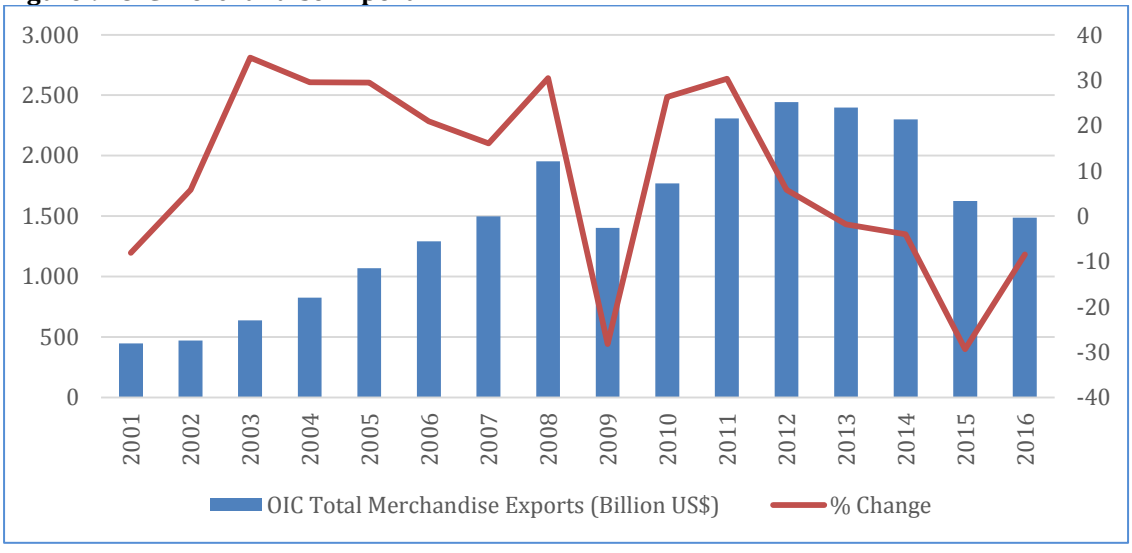
Figure 8: World Trade Volume of Goods and Services (% Change)



Source: IMF WEO Database, April 2017

After 2.2 percent increase in 2016 which was the lowest level since the Global financial crisis, the World trade growth is expected to rebound to 4 percent in 2017. The recovery in trade growth in 2017 is supported by stronger import demand from major advanced economies, increased trade flows to and from China, and a diminished drag from weak import demand from commodity exporting EMDEs.[14]

Figure 9: OIC Merchandise Export



Source: UNCTAD Stat

Following the global financial crisis in 2009, total merchandise exports from OIC countries fell sharply around 28 percent compared to previous year, it started to pick up rapidly since then

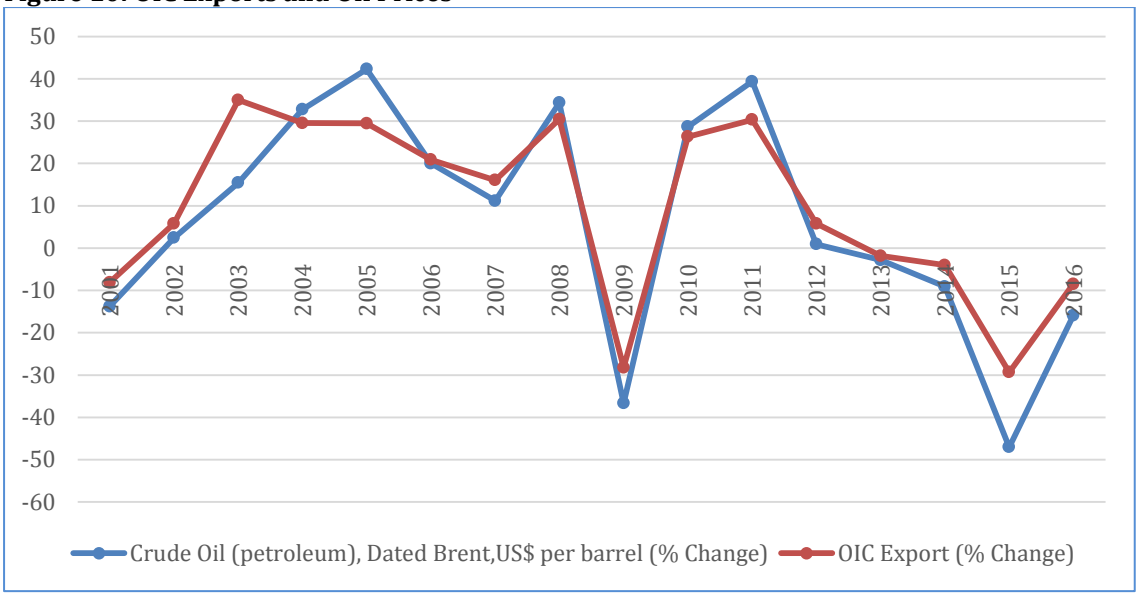
[13] World Bank Global Economic Prospects, June 2017
[14] World Bank Global Economic Prospects, June 2017

and reached its historically highest level of $2.4 trillion in 2012. This trend did not continue and total exports fell slightly to $2.3 trillion dollars over the years of 2013 and 2014. However, mainly because of the sharp drop in oil prices in 2015 as well as the fragility in the global markets, export decreased by 29 percent and dropped to $1.6 trillion. The year 2016 witnessed further decline for exports from the OIC countries by 8.5 percent and realized as $1.49 trillion.

As a result, the share of OIC countries in total exports of developing countries plunged to 24.3% in the same year, compared to 30.5% in 2012, and continued to remain below its pre-crisis level of 32.6% observed in 2008. OIC countries' collective share in total world merchandise exports also followed a similar trend between 2012 and 2015, and decreased to 9.9 % in 2015, which is the lowest ratio observed since 2005.[15]

The fall in exports for the years of 2015 and 2016 can be partly explained by falling commodity prices, where OIC countries have significant concentration. Moving forward, to achieve long-term sustainable growth in merchandise trade and higher share in total world exports, OIC countries will apparently need more competitive economic sectors with significant diversification levels and higher technological intensity.[16]

Figure 10: OIC Exports and Oil Prices



Source: Authors' Calculations from IMF WEO and UNCTAD Stat

One of the main financial developments after the Global Financial crisis affecting whole financial markets is an unconventional monetary policy practice implemented by the major developed economies called quantitative easing.

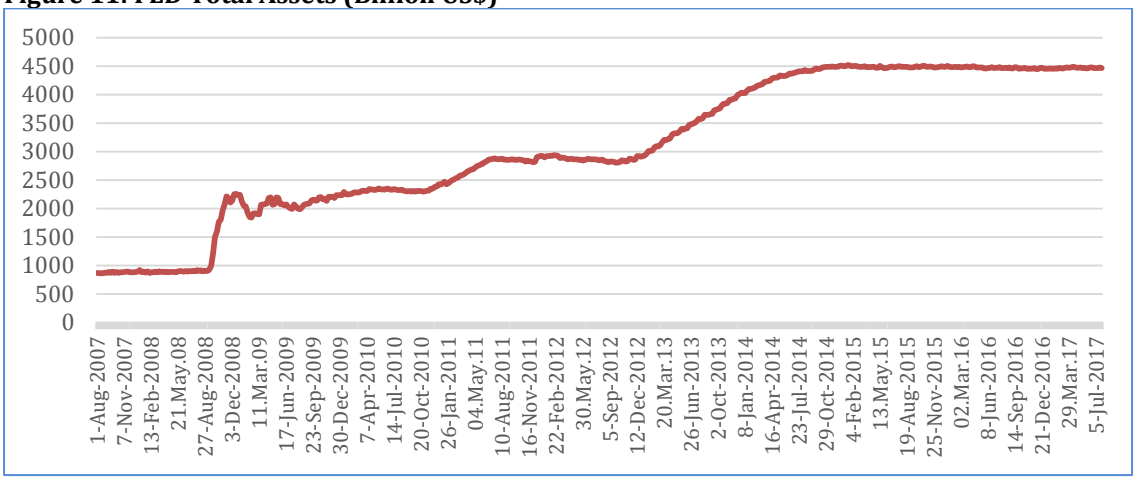
Quantitative easing is an unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply. Quantitative easing increases the money supply by flooding financial institutions with capital in an effort to promote increased lending

[15] 2016 OIC Economic Outlook, SESRIC
[16] 2016 OIC Economic Outlook, SESRIC

and liquidity. Quantitative easing has been implemented a lot in recent times. Following the global financial crisis of 2007-08, the U.S. central bank, the Federal Reserve, implemented several rounds of quantitative easing. More recently, the Bank of Japan and the European Central Bank have implemented quantitative easing (Investopedia).

In response to extreme disturbances in the credit market in the fall of 2008, the Federal Reserve lowered the policy rate target close to zero, announced unprecedented interventions in the bond market, and offered forward guidance to the markets. From November 2008 to 2013 the Fed announced three rounds of asset purchases, totaling over $3 trillion, to address poor economic activity.[17]

Figure 11: FED Total Assets (Billion US$)



Source: Federal Reserve (https://www.federalreserve.gov/monetarypolicy/bst_recenttrends_accessible.htm)

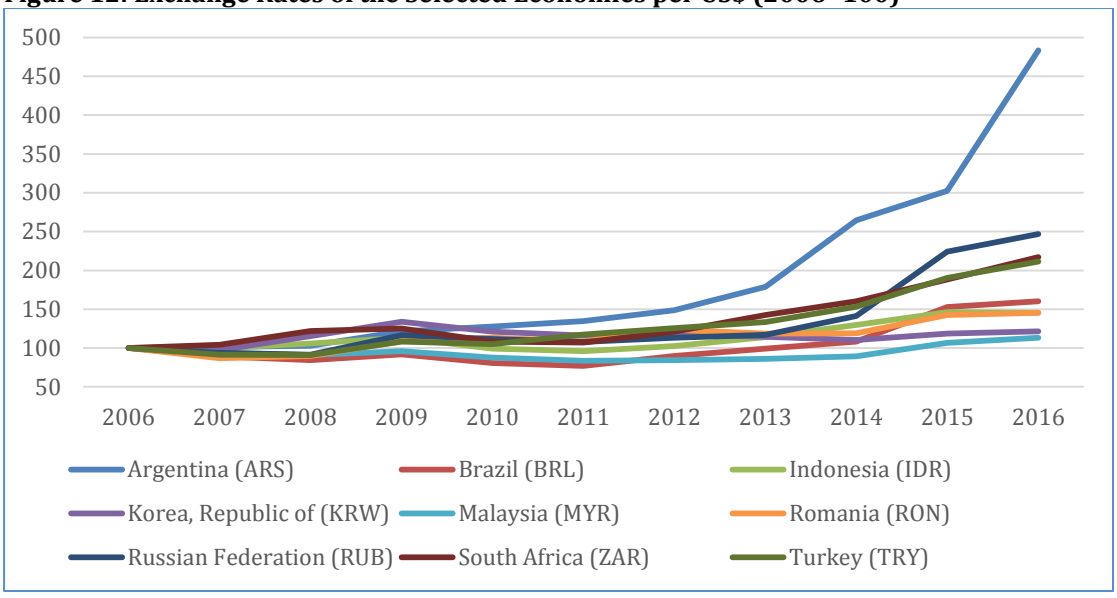
Global financing conditions have been benign since the start of 2017. After November 2016, U.S. long-term yields rose sharply, similar to their surge during the mid-2013 Taper Tantrum. Unlike the Taper Tantrum, the late-2016 increase reflected market expectations of strengthening growth and higher inflation in the United States, and was not accompanied by a sudden and sustained re-pricing of risk, including of emerging market assets. Since early 2017, U.S. long-term yields have plateaued, even as the Federal Reserve has continued to raise short-term rates.[18]

The policy actions related to the quantitative easing of the major central banks have had substantial spillover effects on the financial markets of the emerging-market economies. As interest rates in developed economies remained low, investors were attracted to the higher rates in many emerging economies and this has been reversed during the normalization of the monetary policy in the US recently with the surge of the interest rates. As a result, these policies have significant effects on exchange rates, capital flows, interest rates and asset prices in the emerging market economies. The following figure just depicts the fluctuations of exchange rates of some emerging market economies against US dollar during this period.

[17] Agostini, G., Garcia, J. , "Comparative Study of Central Bank Quantitative Easing Programs", SIPA Columbia University, April 2016.
[18] World Bank Global Economic Prospects, June 2017

Over the four-year period between mid-2009 and 2013Q1, cumulative gross financial inflows into the developing world increased from $192 billion to $598 billion. This is more than twice the rate of the four-year period ending in 2006Q1, and capital flows into emerging markets more than doubled as a percent of GDP.[19]

Figure 12: Exchange Rates of the Selected Economies per US$ (2006=100)



Source: Authors' calculation from the UNCTAD Stat

The figure above shows the exchange rates of selected countries per US$ over the years between 2006 and 2016. As the normalization of the monetary policy in the US, the previously over valued exchange rates of emerging and developing economies started to depreciate against US dollar.

[19] Chari, A. "Taper Tantrums: QE, its Aftermath and Emerging Market Capital Flows", November 2016

2. FINANCIAL OUTLOOK OF THE OIC MEMBER COUNTRIES

The liberalization of financial markets during the 1990s and 2000s has played an important role in shaping today's financial structure all over the world. The financial sector has a critical role in modern market economies. It can provide payment and transaction services, channeling households' savings to its best investment areas to the different sectors of the economy such as households, enterprises and governments. However, it can also be a source of fragility and crisis, as seen during the recent Global Financial Crisis as well as during numerous banking crises in emerging and developing markets.

The financial sector performs various functions that facilitate the efficient functioning of the economy and promote economic growth. The functions of a financial system are identified as "the trading of risk, allocating capital, monitoring managers, mobilizing savings, and easing the trading of goods". For the financial sector to contribute to growth and mitigate risks, the industry itself has to be resilient and be able to reduce its own vulnerabilities. Given the complexity and dynamism of modern financial products and markets, appropriate institutions are needed to reduce the risks and vulnerabilities that can potentially lead to harmful and costly economic downturns.[20]

It has been accepted that modern financial institutions and financial markets exert a powerful influence on economic development, poverty alleviation, and economic stability. For example, when banks screen borrowers and identify firms with the most promising prospects, this is a key step that helps allocate resources efficiently, expand economic opportunities, and foster growth. When banks and securities markets mobilize savings from households to invest in promising projects, this is another crucial step in fostering economic development. When financial institutions monitor the use of investments and scrutinize managerial performance, this is an additional ingredient in boosting the efficiency of corporations. Additionally equity, bond, and derivative markets enable the diversification of risk, this encourages investment in higher-return projects that might otherwise be shunned. [21]

The financial sector is critically connected to the overall institutional framework in a country. Given that the intertemporal of financial transactions makes it one of the most institution sensitive sector, a financial system can only thrive in an environment with effective institutions that reduce agency conflicts between contract parties. There might also be reverse influences from a thriving financial sector to institutional strengthening of a country.[22]

A financial system consists of institutional units and markets that interact for the purpose of mobilizing funds for investment and providing facilities for the financing of commercial activity. The role of financial institutions within the system is primarily to intermediate between those that provide funds and those that need funds, and typically involves transforming and managing risk. In this regard financial system has significant effects for whole economic systems and a healthy financial system contributes to economic growth by easing access to finance, increasing financial literacy, and allocating resources efficiently.

[20] National and Global Islamic Financial Architecture, COMCEC Financial Working Group Report, 2016
[21] Cihak, M., Demirgüç-Kunt, A., Feyen E., Levine, R. , "Benchmarking Financial Systems around the World", World Bank Policy Research Working Paper 6175. Washington, D.C.: World Bank, 2012
[22] Beck, Thorsten, "Finance, Institutions and Development: Literature Survey and Research Agenda", Cass Business School, City University and CEPR, August 2016

In order to achieve a well-functioning system, financial markets require depth, access, efficiency and stability. Depth means that financial institutions and financial markets are a sufficient size. Access reflects the degree to which economic agents use financial services. Efficiency means that financial institutions are able to successfully intermediate financial resources, and to facilitate transactions. Finally, stability refers to low market volatility plus low institutional fragility. These characteristics of the market have been measured by using special indicators to compare financial systems across countries and over time.[23]

In this regard, the purpose of this outlook is to shed light on recent financial developments by using the above mentioned characteristics of the financial markets and to analyze the financial markets of the OIC countries over time.

In this Financial Outlook, OIC Member Countries have been categorized in four major groups according to the World Bank Income Grouping Methodology (according to their GDP Per Capita levels). According to this categorization, 15 countries are in OIC-Low Income Group (OIC-LIG); 19 are in OIC Lower Middle Income Group (OIC-LMIG); 16 are in OIC-Upper Middle Income Group (OIC-UMIG), and 7 are in OIC-High Income Group (OIC-HIGH) as shown in the table below:

Table 1: Categorization of OIC Member States

CATEGORIES	COUNTRIES	NUMBER OF COUNTRIES
OIC-Low income group **US$ 1045 or less**	Afghanistan, Benin, Burkina Faso, Chad, Comoros, Guinea, Guinea-Bissau, Mali, Mozambique, Niger, Sierra Leone, Somalia, Gambia The, Togo, Uganda	15
OIC-Lower middle income group **US$ 1,046 to US$ 4,125**	Bangladesh, Cameroon, Cote d'Ivoire, Djibouti Egypt, Arab Rep., Guyana, Indonesia, Kyrgyz Republic, Mauritania, Morocco, Nigeria, Pakistan, State of Palestine, Senegal, Sudan, Syrian Arab Republic, Tajikistan Uzbekistan, Yemen	19
OIC-Upper middle income **US$ 4,126 to US$12,735**	Albania, Algeria, Azerbaijan, Gabon, Islamic Republic of Iran, Iraq, Jordan, Kazakhstan, Lebanon, Libya, Malaysia, Maldives, Suriname, Tunisia, Turkey, Turkmenistan	16
OIC-High income group **US$ 12,736 or more**	Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates	7

Source: World Bank

[23] Cihak, M., Demirgüç-Kunt, A., Feyen E., Levine, R., 2012

To measure and benchmark financial systems, the outlook utilizes several measures of following four characteristics of financial institutions and markets:

(a) Financial Depth: Measures the size of financial institutions and markets,

(b) Financial Access: Measures the degree to which individuals can and do use financial institutions and markets,

(c) Financial Efficiency: Measures the efficiency of financial institutions and markets in providing financial services,

(d) Financial Stability: Measures the stability of financial institutions and markets in order to measure and benchmark financial systems in the OIC region[24].

Although the above referred study of the World Bank has developed number of measures to compare the characteristics of the financial markets, the following indicators are selected to analyze the four measures of the financial markets in the OIC countries as depicted in Table-2.

Table 2: Selected Financial Data on OIC Member States

	Indicator Code	Name of the Indicator
DEPTH	GFDD.DI.01	Private credit by deposit money banks to GDP (%)
	GFDD.DI.02	Deposit money banks' assets to GDP (%)
	GFDD.DM.01	Stock market capitalization to GDP (%)
	GFDD.DM.02	Stock market total value traded to GDP (%)
ACCESS	GFDD.AI.01	Bank accounts per 1,000 adults
	GFDD.AI.02	Bank branches per 100,000 adults
	GFDD.AI.03	Firms with a bank loan or line of credit (%)
	GFDD.AI.06	Saved at a financial institution in the past year (% age 15+)
EFFICIENCY	GFDD.EI.02	Bank lending-deposit spread
	GFDD.EI.05	Bank return on assets (%, after tax)
	GFDD.EI.06	Bank return on equity (%, after tax)
	GFDD.EM.01	Stock market turnover ratio (%)
STABILITY	GFDD.SI.02	Bank nonperforming loans to gross loans (%)
	GFDD.SI.03	Bank capital to total assets (%)
	GFDD.SI.04	Bank credit to bank deposits (%)
	GFDD.SI.05	Bank regulatory capital to risk-weighted assets (%)

Source: World Bank

[24] Cihak, M., Demirgüç-Kunt, A., Feyen E., Levine, R., 2012

These four characteristics of financial institutions and markets are used to capture the features of financial systems and to provide empirical shape of the financial development in the OIC countries. While a quite number of indicators are produced to measure the performances of financial institutions and markets, the data limitation especially for the low-income and lower-middle income group of the OIC countries have led to employ a few benchmarks to assess the financial markets. The World Bank databases have been used to analyze the recent developments in the financial markets in this outlook. Data availability and accuracy is very important to come up with meaningful analysis in the financial sector. For the OIC countries, lack of accurate and sufficient data for low income group countries of the OIC is the main challenge while gathering data. Detailed information along with the explanations of each financial indicator is given in the Appendix for each OIC member state.

2.1 FINANCIAL DEPTH

A reasonable level of financial depth is one of the crucial fundamentals for well-functioning financial markets and institutions in order to reach the desired role of finance in an economy to lead economic growth and poverty reduction. As the financial institutions and markets are deepened, financial services have been diversified and sophisticated for the financial consumers.

Financial depth captures the size of financial sector relative to the economy. It is the size of banks, other financial institutions, and financial markets in a country compared to a measure of economic output. The most commonly used variable to measure the depth of the markets and institutions in this regard is private credit relative to gross domestic product (GDP). The private credit excludes credit issued to governments, government agencies, and public enterprises. It also excludes credit issued by central banks. An alternative to private credit to GDP is total banking assets to GDP, a variable that is also included in the Global Financial Development Database. It could be accepted as a more comprehensive measure of size, because it includes not only credit to private sector, but also credit to government as well as bank assets other than credit. However, it is available for a smaller number of economies and has been used less extensively in the literature on financial development.[25]

In order to measure the depth, private credit by deposit money banks to GDP, deposit money banks' assets to GDP, stock market capitalization to GDP, and stock market total value traded are used.

Private credit by deposit money banks refers to the financial resources provided to the private sector by domestic money banks as a share of GDP. Domestic money banks comprise commercial banks and other financial institutions that accept transferable deposits, such as demand deposits.[26]

Since the role of the private sector in economic growth has been increasing all over the world, this indicator provides a useful measure on how the financial markets and institutions are used and affect the economy in terms of size. Recent empirical research has shown that

[25] World Bank, http://www.worldbank.org/en/publication/gfdr/background/financial-depth

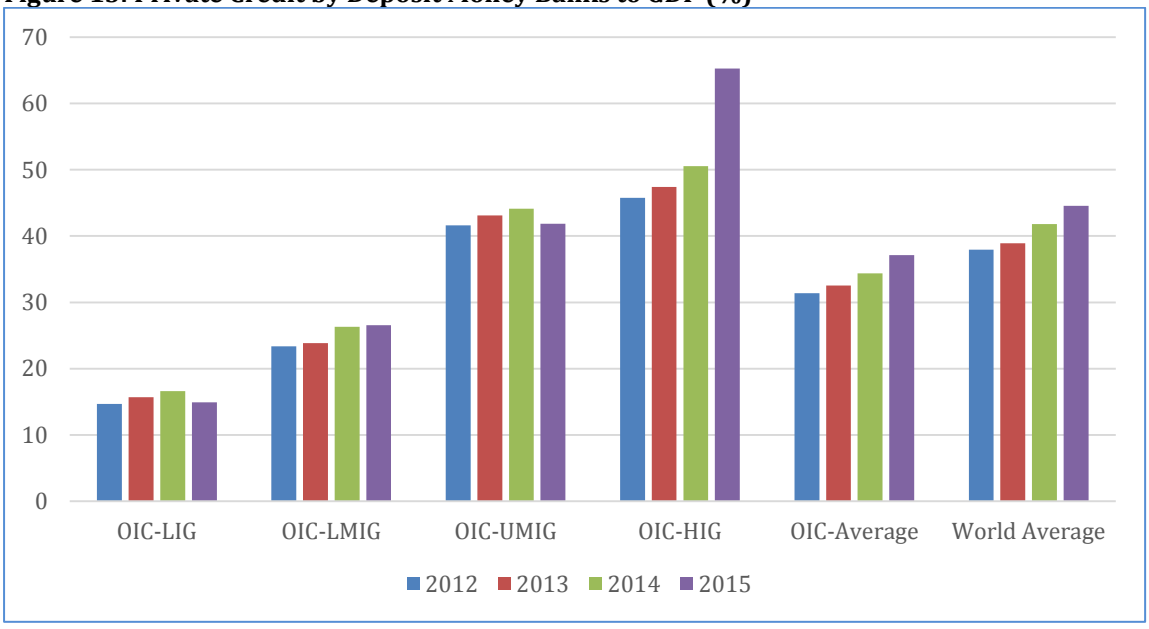
[26] *Private credit by deposit money banks and other financial institutions to GDP, calculated using the following deflation method: {(0.5)*[Ft/P_et + Ft-1/P_et-1]}/[GDPt/P_at] where F is credit to the private sector, P_e is end-of period CPI, and P_a is average annual CPI. Raw data are from the electronic version of the IMF's International Financial Statistics. Private credit by deposit money banks (IFS line 22d and FOSAOP); GDP in local currency (IFS line NGDP); end-of period CPI (IFS line PCPI); and average annual CPI is calculated using the monthly CPI values (IFS line PCPI).*

economies with better-developed banking and credit system tend to grow faster over long periods of time (Demirgüç-Kunt, Levine 2008)[27]. In this regard, domestic credit to private sector to GDP ratio is a significant indicator to measure financial depth of any country.

As shown in the Figure below, OIC average of the private sector credit given by the domestic banks are lower than the world average. While there has been slight improvement in recent years, the size of the private sector credit as a share of the GDP clearly indicates the under developed nature of the private sector in the OIC countries. OIC average in 2015 reached to 37.1% while the world average for the same period realized as 44.5%. Among the OIC countries, the rates have been differed significantly across different income groups. As seen from the graph below and as expected from level of economic development, OIC-LIG and OIC-LMIG countries have low levels of private credits from banking sector. While the rate has not shown any improvement for the OIC-LIG countries, LMIG countries has recorded slight increase over the last 4 years. On the other hand, OIC-UMIG and OIC-HIG countries have performed better during this period. Especially the rate for the OIC-HIG countries have increased significantly over the years surpassing the world average and reached to 65.3% in 2015.

As a result, it is found that there is a considerable gap between the World and OIC Member States average. This is a clear indication of the underdeveloped nature of the private sector and banking in these countries and this issue can be seen as an important obstacle for investment and economic growth of the OIC member countries.

Figure 13: Private Credit by Deposit Money Banks to GDP (%)



Source: Authors' calculation from the World Bank Database

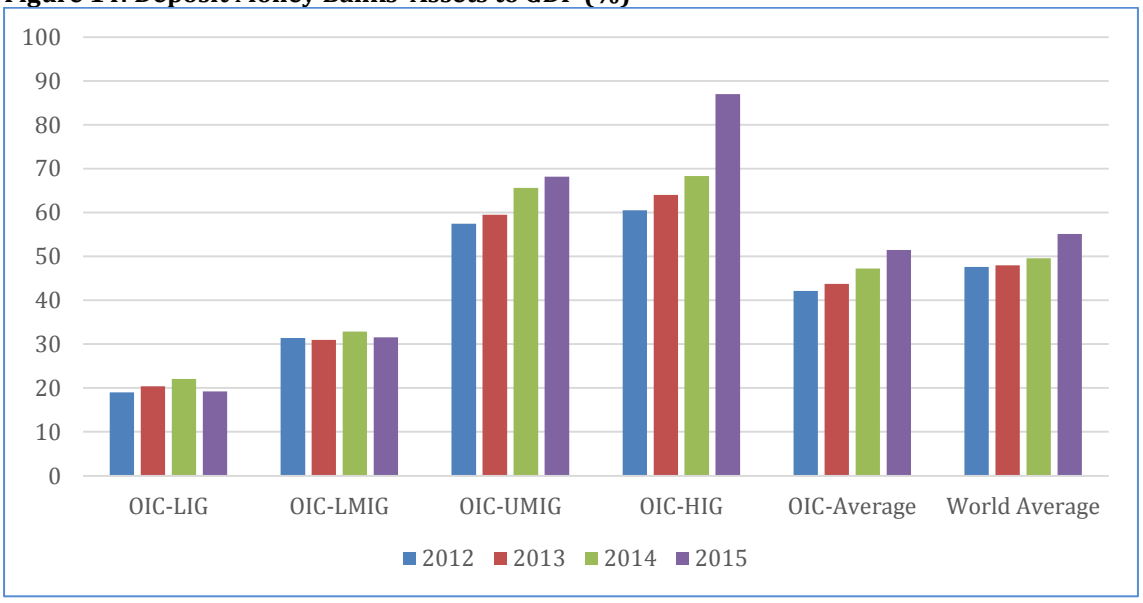
Another indicator used to measure the depth of the financial institutions and markets is **Deposit money banks' assets as a share of GDP**. This measure refers to 'total assets held by deposit money banks as a share of GDP. Assets include claims on domestic real nonfinancial

[27] Benchmarking Financial Systems Around The World 2012, World Bank

sector which includes central, state and local governments, nonfinancial public enterprises and private sector. Deposit money banks comprise commercial banks and other financial institutions that accept transferable deposits, such as demand deposits'[28].

Compared to private credit, this indicator includes also credit to government and bank assets other than credit. Therefore, the results for OIC average and for various income groups are different than the previous indicator. As can be seen from the figure below, OIC average increased regularly over the years and closed to the world averages. On the other hand, the results for the OIC-UMIG and OIC-HIG groups have significantly surpassed the world averages in recent years. Since this indicator includes the claims of the banks on government, the results for these two groups clearly indicates the increasing role of the government to use financial markets more compared to the low income groups.

Figure 14: Deposit Money Banks' Assets to GDP (%)



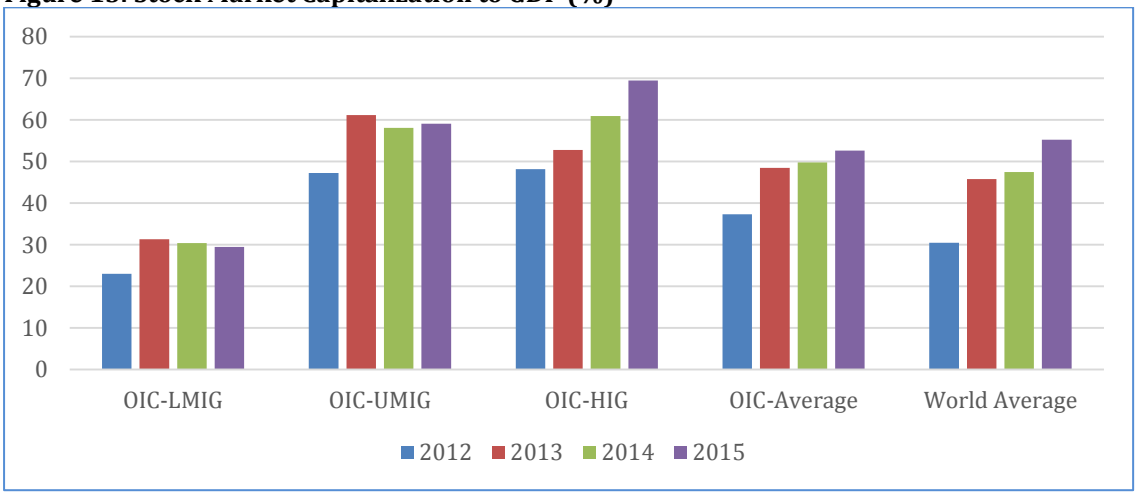
Source: Authors' calculation from the World Bank Database

In order to measure depth in the financial markets size of the stock and bond markets could be used as an indicator. To approximate the size of the stock markets, the most common choice in the literature is **stock market capitalization to GDP[29]**. This indicator refers to total value of all listed shares in a stock market as a percentage of GDP.

Regarding this indicator, the low income group of OIC member countries does not have data, therefore the analysis will be conducted on the rest of the country groups. The world average recorded as 55.2% in 2015. The OIC average increased continuously over the period and closed to the world averages recording as 52.6% in 2015. The rates for the high income group of OIC countries have been more than the world averages as the stock markets in these countries have shown significant improvements during recent years which is highly correlated to the development of stock exchange markets as well as economic growth.

[28] World Bank, Global Financial Development Report, June 2017.
[29] Benchmarking Financial Systems Around the World 2012, World Bank

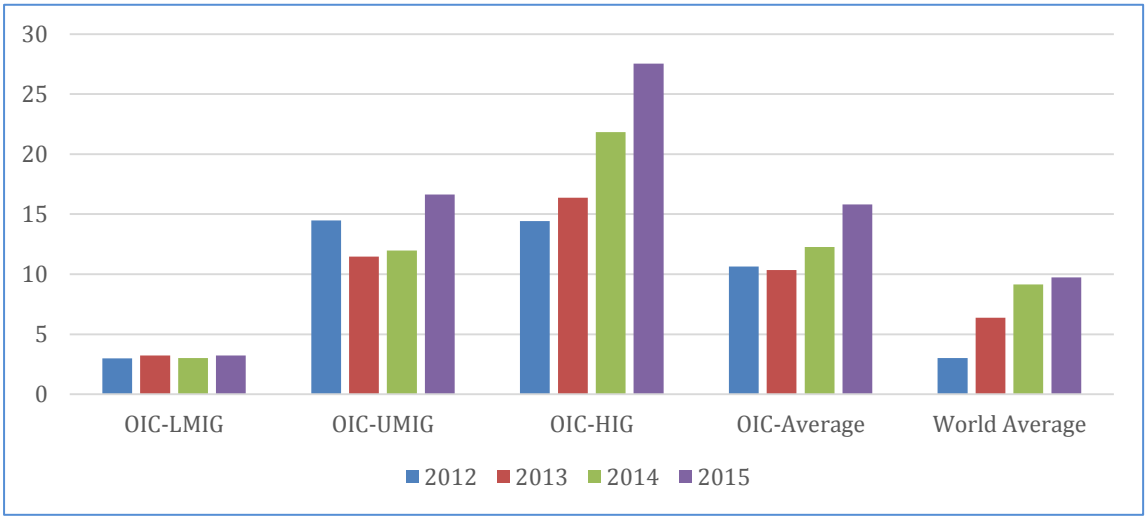
Figure 15: Stock Market Capitalization to GDP (%)



Source: Authors' calculation from the World Bank Database

Another indicator to measure the development in stock market is used as **stock value traded**, which refers to total value of all traded shares in a stock market exchange as a percentage of GDP. In addition to the stock market capitalization which simply presents value of listed shares, this indicator incorporates information on the size and activity of the stock market. As indicated by Chak, Demirgüç-Kunt (2012), trading of ownership claims on firms in an economy is closely tied to the rate of economic development.

Figure 16: Stock Market Total Value Traded to GDP (%)



Source: Authors' calculation from the World Bank Database

Although there are substantial variations across countries, the world average showed a significant improvement in recent years and reached to 9.7% in 2015. Over this period, the OIC average exceeded the world average in every year and realized as 15.8% in 2015. Similar to the stock market capitalization, there is no data for the Low-Income group countries.

A well established, stable and functioning stock market will ease accumulation and attraction of long-term capital for a sustainable economic growth and development. The stock market has a key role in financial markets and smooth functioning stock market is accepted as substantial condition for financial sector evolution. This is also considered a pre-requisite to the sustainable economic growth and development that makes the national economy to enhance more foreign investors. A well-functioning stock market plays an important role in encouraging liquidity, mobilizing and assembling savings, producing information for prospective investments and capital allocation. Therefore, it is accepted that the existence of active and stable stock market can stimulate the rate of economic growth[30].

As a result, as also highlighted in the literature, macroeconomic and institutional factors play an important role in stock market development. The macroeconomic factors such as the real income, developments in the banking sector, interest rate, private capital flows, inflation and exchange rates have effects on stock market development. As for the institutional factors, legal environment, regulations, legal protection of investors, corporate governance, financial liberalization and trade openness etc. in an economy can affect the development of the stock market. As the stock markets consist of various financial instruments such as securities, public and corporate bonds, future and option contracts, a stable and well-functioning stock market helps attracting foreign investors. The findings and analysis of these two indicators, stock market capitalization and stock market total value traded, show that stock markets in the OIC Member States have a potential for further expansion to enhance and enlarge the development of the markets to meet the financing need of corporations.

In terms of financial depth, the OIC countries have shown significant fluctuations among various income groups over the selected period. While the high income group and upper-middle income group countries have performed better than the other groups as well as from the world averages, the averages of the indicator for other groups have been recorded worse than world averages. Over the years, for all indicators there has been a trend of improvement which is a good sign of financial development in the OIC member countries.

[30] Azam, M., Haseeb, M., Samsi, A.B., Raji, J., "Stock Market Development and Economic Growth: Evidences from Asia-4 Countries", International Journal of Economics and Financial Issues, Vol 6, Issue 3, 2016

2.2 FINANCIAL ACCESS

Financial access (inclusion) can briefly be defined as the use of financial services by individuals and firms. Financial access helps peoples and corporations to get benefit of new business opportunities, invest more in education, save for future, and insure against various risks etc. This topic has been of growing interest all over the world, and considered as one of the main areas particularly in emerging and developing economies for the further development of financial markets. The benefits of the financial intermediation and markets are believed not being used by all sectors and population which resulted negative effects on inclusive economic growth, poverty alleviation, income distribution and efficient allocation of resources etc.

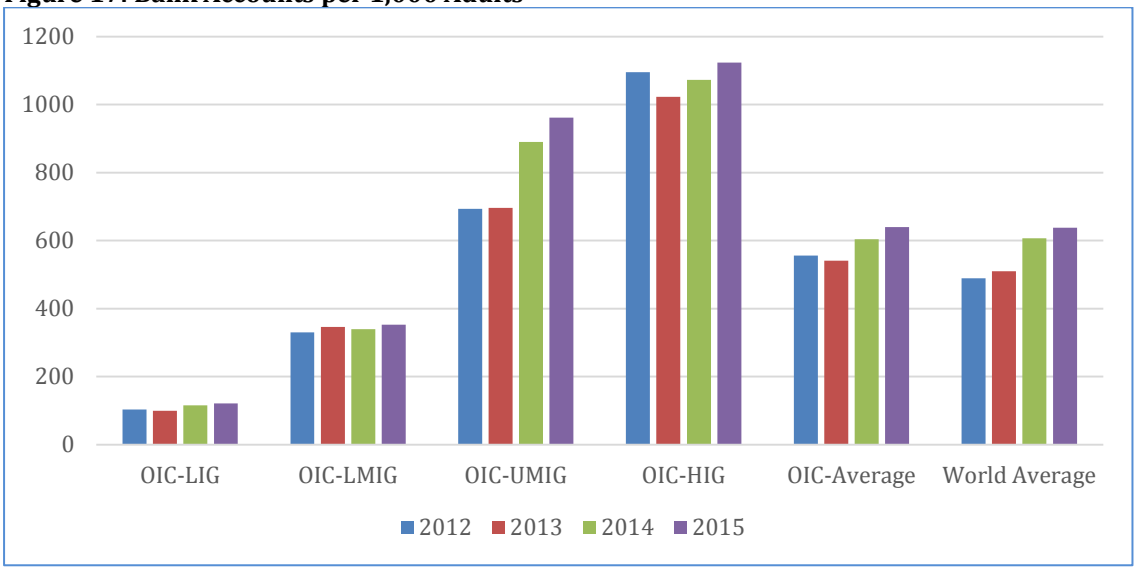
Cihak, Demirgüç-Kunt (2012) highlights the importance of financial access of the different groups of economic units as follows: 'A well-functioning financial system allocates capital based on the expected quality of the project and entrepreneur, not on the accumulated wealth and social connections of the entrepreneur. A well-functioning financial system that overcomes market frictions will more effectively provide financial services to a wide range of firms and households, not just large companies and rich individuals. Thus, to develop informative proxies of financial development, it is useful to move beyond financial depth and also include indicators of financial access—the degree to which the public can access financial services.'

A common proxy variable of access to financial institutions is the number of bank accounts per 1,000 adults. Other variables in this category include the number of bank branches per 100,000 adults (commercial banks), the percentage of firms with line of credit. When using these proxies, the following points should be kept in mind on their weaknesses: The number of bank branches is becoming increasingly misleading with the move towards branchless banking. The number of bank accounts does not suffer from the same issue, but it has its own limitations (in particular, it focuses on banks only, and does not correct for the fact that some bank clients have numerous accounts)[31].

Bank account per 1,000 adults is one of the main indicators of access to financial services which refers to 'the number of depositors with commercial banks per 1,000 adults'. As a result of the underdeveloped nature of economic and financial markets as well as low level of financial inclusion, this level for low income group countries has been lagging behind the world averages significantly. While the world average was recorded as 638 in 2015, the OIC-LIG was realized as 120 in the same year. However, levels of OIC averages over this period closed to the world averages mainly due to the high level of bank accounts opened by adults in OIC-HIG and OIC-UMIG countries which have exceeded the world averages significantly recorded as 1,123 and 961 respectively. This indicates that there is a close correlation between economic growth, income level and banking activities in a particular country.

[31] Cihak, M., Demirgüç-Kunt, A. "Benchmarking Financial Systems Around The World 2012, World Bank"

Figure 17: Bank Accounts per 1,000 Adults

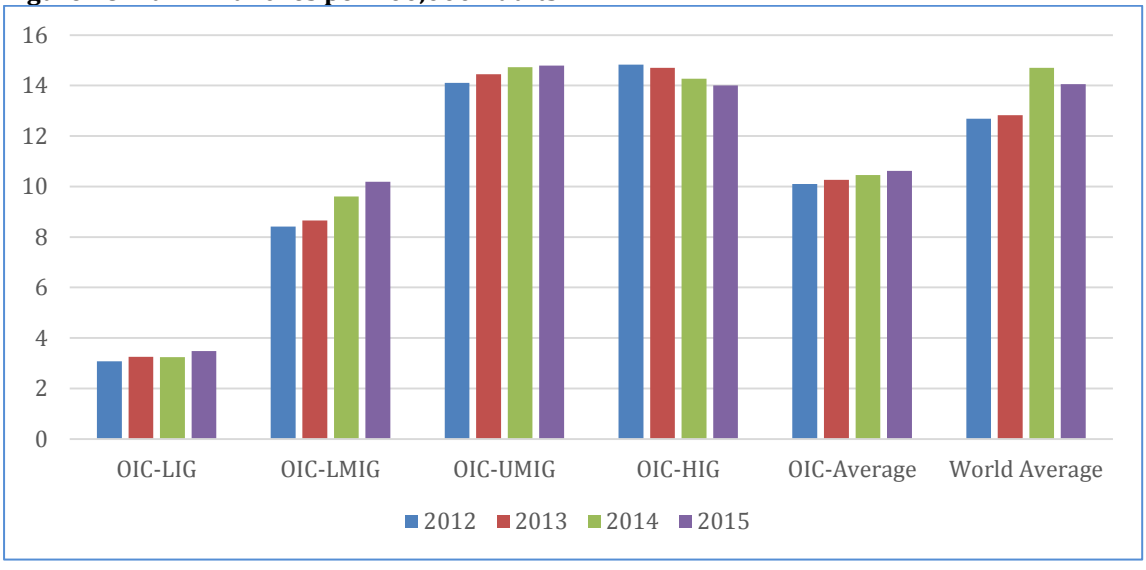


Source: Authors' calculation from the World Bank Database

These figures simply indicate that Low income group of OIC countries need to develop their markets to increase financial inclusion in order to support their economic growth and poverty reduction.

Another indicator used to measure financial access is **the number of bank branches per 100,000 adults** which refers to the number of commercial bank branches per 100,000 adults in an economy.

Figure 18: Bank Branches per 100,000 Adults



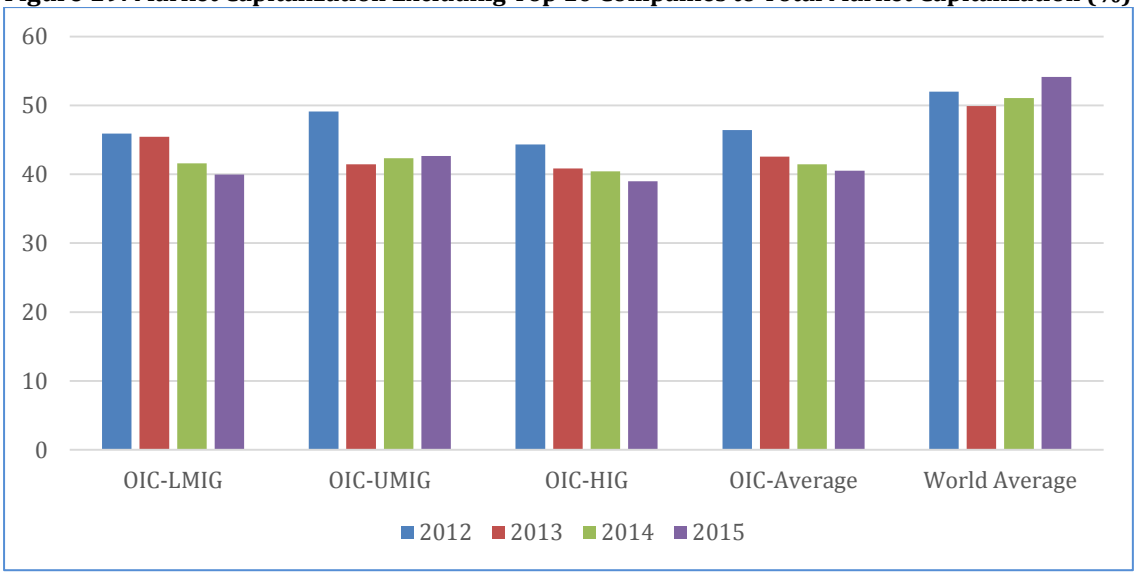
Source: Authors' calculation from the World Bank Database

The above figure on the number of bank branches is consistent with the bank account as both clearly indicates low level of financial access recorded for the low income group of OIC countries which reached to 3.5 branches per 100,000 adults in 2015 while the world average realized as 14.1 in the same year. Unlike the previous indicator, the UMIG and HIG groups of the OIC have shown similar performance with the world averages across the selected period. Over the period of 2012 to 2015, the rate has been realized around 14 branches for both OIC groups of UMIG and HIG. Although the financial markets and instruments have been recorded considerable growth and diversified significantly over the years, the branches have not increased in parallel. Among other factors, this fact can be explained by the widespread usage of branchless/internet banking.

As a result, the policymakers in the low income group countries should focus on enhancing the banking activities and access to financial markets by investing on branchless banking initiatives which have emerged as a cost effective option in recent years.

Data on access to financial markets are more limited. Especially for those countries with low income level and undeveloped stock exchange markets, the data is very scant. Measures of market concentration are utilized to have an idea on the level of access to stock and bond markets. Here we used the **Market capitalization excluding top 10 companies to total market capitalization (%)** to approximate access to financial markets. This ratio is calculated as 'value of listed shares outside of the ten largest companies to total value of all listed shares'.

Figure 19: Market Capitalization Excluding Top 10 Companies to Total Market Capitalization (%)



Source: Authors' calculation from the World Bank Database

The world average just hovers around 50 percent over the years from 2012 to 2015. As for the OIC countries, the ratios for all groups are fluctuating around 40 percent during the same period. As this ratio increases across the countries and country groups, it should be interpreted that value of outstanding shares of comparatively smaller companies are increasing in the market and meaning access to the market is affected positively. Considering the fact that the data is available only for those countries that their markets have maturity as well as the undeveloped nature of stock exchanges in the OIC countries, it is understandable to have smaller shares in OIC states compared to the world averages.

As a result, in terms of financial efficiency the OIC averages for the selected indicators have been found around the world averages over the selected years. As mentioned earlier, there is a close correlation between economic development, income level and financial access. Therefore, the findings of the indicators under this characteristic clearly signs that as the economies develop financial access increases in parallel. The high and upper middle income groups of OIC countries have performed much better than the other groups. In this regard, the policies towards promoting financial access should focus on the low income group countries as well as on the groups of financially deprived segments of other group countries.

2.3 FINANCIAL EFFICIENCY

The structure and operation of the financial system have undergone remarkable changes in the past couple of decades due to the significant improvements in technology, product innovation, and integration in the global financial system, competition in financial services, and policy, regulatory and trade reforms. These developments have led to a dynamic and sophisticated global financial markets and fostered economic growth; at the same time, however, specific problems and issues have plagued the financial system.[32] In this regard, among other characteristics, the efficiency of the financial intermediaries and markets have emerged as an important tool to understand financial system.

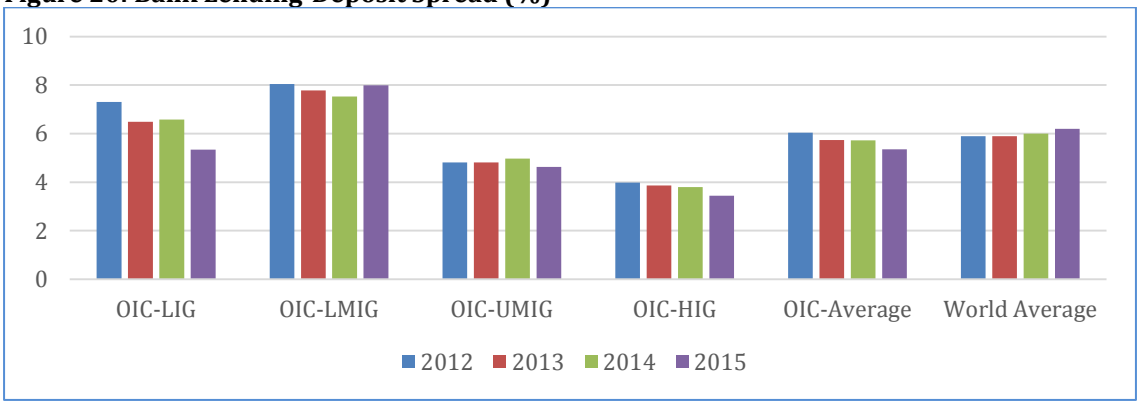
As for intermediaries, efficiency is primarily constructed to measure the cost of intermediating credit. Efficiency measures for institutions include indicators such as overhead costs to total assets, net interest margin, lending-deposits spread, non-interest income to total income, and cost to income ratio, return on assets and return on equity etc. Regarding financial markets, efficiency measures focus less on directly measuring the cost of transactions and more on measuring transactions. A basic measure of efficiency in the stock market is the turnover ratio. The logic of using this variable is that the higher the turnover (the more liquidity), the more efficient the market[33].

In this study the following measures for institutions and markets are used to understand and compare the efficiency of the financial system among the countries and country groups.

Bank lending deposit spread refers to the difference between lending rate and deposit rate. Lending rate is the rate charged by banks on loans to the private sector and deposit interest rate is the rate offered by commercial banks on three-month deposits.

[32] Policy Framework for Effective and Efficient Financial Regulation, OECD 2010
[33] Cihak, M., Demirgüç-Kunt, A. "Benchmarking Financial Systems Around The World 2012, World Bank"

Figure 20: Bank Lending-Deposit Spread (%)



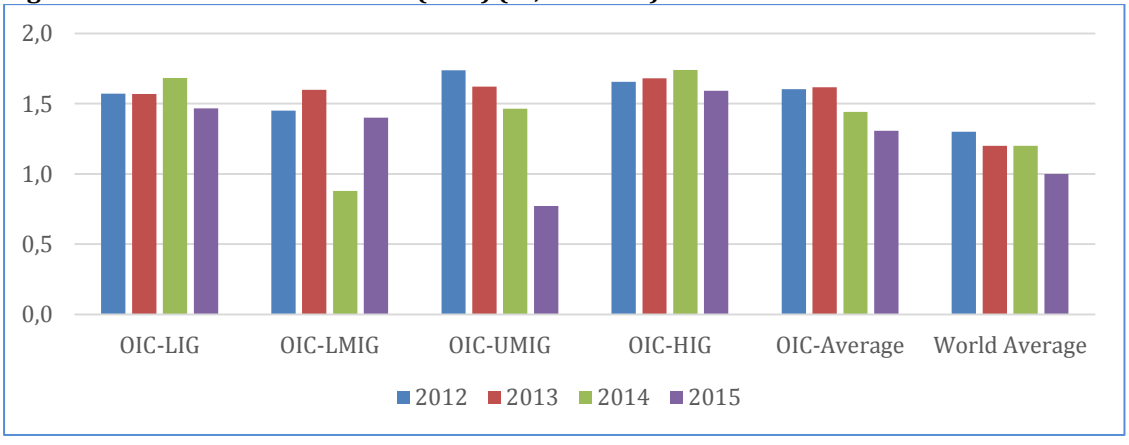
Source: Authors' calculation from the World Bank Database

There is an indirect correlation between the level of economic development and interest rate spreads as shown in the above figure as the advanced and high income economies tend to have lower spreads than the lower income groups. As the financial markets become more developed and institutional structure of the financial system is more mature, the competition among the intermediaries goes up leading interest rate spreads decrease. This paves the way for better economic environment and conducive atmosphere for investment.

The above figure shows that OIC-LIG and OIC-LMIG lending deposit spread which was around 7 and 8 percent respectively during the selected period were relatively higher than the OIC average rate. On the other hand, the spreads of OIC-UMIG and OIC-HIGH were quite lower than the world average and realized as around 5 percent and 4 percent respectively during the same period.

Bank Return on Asset (ROA) is another indicator used to measure the efficiency of the financial intermediaries. This is calculated as a ratio of commercial banks' after-tax net income to yearly averaged total assets. This indicator measures the profitability of a company relative to its total assets. Therefore, it gives an idea about the efficiency of a financial intermediary on using its assets to generate earnings. The higher ratio indicates better performance for individual corporations and banks as well as for the financial system as a whole.

Figure 21: Bank Return on Assets (ROA) (%, after tax)



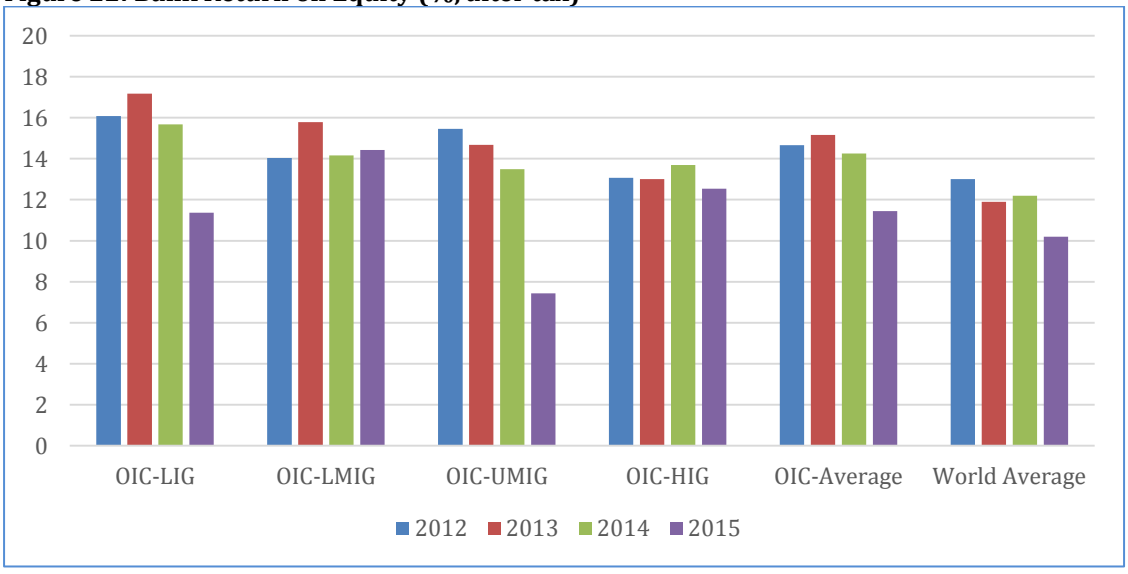
Source: Authors' calculation from the World Bank Database

As shown in the above figure, all OIC group data recording higher ROA ratio compared to the world average. Although this could be interpreted as the efficiency of these economies, this situation could also be explained by weak asset base of financial intermediaries, lack of competition and shallow structure of the market. The World average which was realized as 1.2 percent in 2012 decreased continuously over the selected period and reached to 1 percent in 2015. During the same period, OIC average decreased from 1.6 to 1.3 percent. ROA for OIC-HIG group performed better than all other countries and hovered around 1.7 percent during the selected period.

Bank Return on Equity (ROE) is another ratio used to measure efficiency of financial intermediaries. The ROE measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. It is calculated as a ratio of commercial banks' after-tax net income to yearly averaged equity.

The figure below shows the ROE data for OIC income groups and the World average performance during 2012-2015. OIC group average performed better than the world average while it has been declined since 2013 up to 2015. The same trend has been also recorded for the world average which declined to 10 percent in 2015 after realized as 13 percent in 2012. The highest rates have been recorded for OIC-LIG countries while there was a significant drop in the last year.

Figure 22: Bank Return on Equity (%, after tax)



Source: Authors' calculation from the World Bank Database

As a result, in terms of the efficiency characteristic, the OIC average has performed slightly better than the world average for the selected indicators over the period between 2012 and 2015. It has been noted that the averages of the high and upper middle income group countries performed better than the world average which highlights the level of development of the financial markets and institutions in these countries. As for this characteristic, the low income segments of the countries should be targeted to increase financial efficiency in order to support further economic development.

2.4 FINANCIAL STABILITY

The importance of financial stability is highlighted by the World Bank as following: 'A stable financial system is capable of efficiently allocating resources, assessing and managing financial risks, maintaining employment levels close to the economy's natural rate, and eliminating relative price movements of real or financial assets that will affect monetary stability or employment levels. A financial system is in a range of stability when it dissipates financial imbalances that arise endogenously or as a result of significant adverse and unforeseen events. In stability, the system will absorb the shocks primarily via self-corrective mechanisms, preventing adverse events from having a disruptive effect on the real economy or on other financial systems. Financial stability is paramount for economic growth, as most transactions in the real economy are made through the financial system'[34].

Financial stability is an important feature of a well-functioning financial sector. The recent rapid growth of financial sector should be accompanied by proper risk management and regulation in order to refrain from systemic risks which can be a serious threat for global financial stability. In this regard, the system has created various mechanisms to measure systemic risk, stress tests, and other tools for financial stability. As the global financial markets have been integrated over the recent decades, the importance of financial stability has been increased since it is closely connected with macroeconomic stability, economic growth, employment etc.

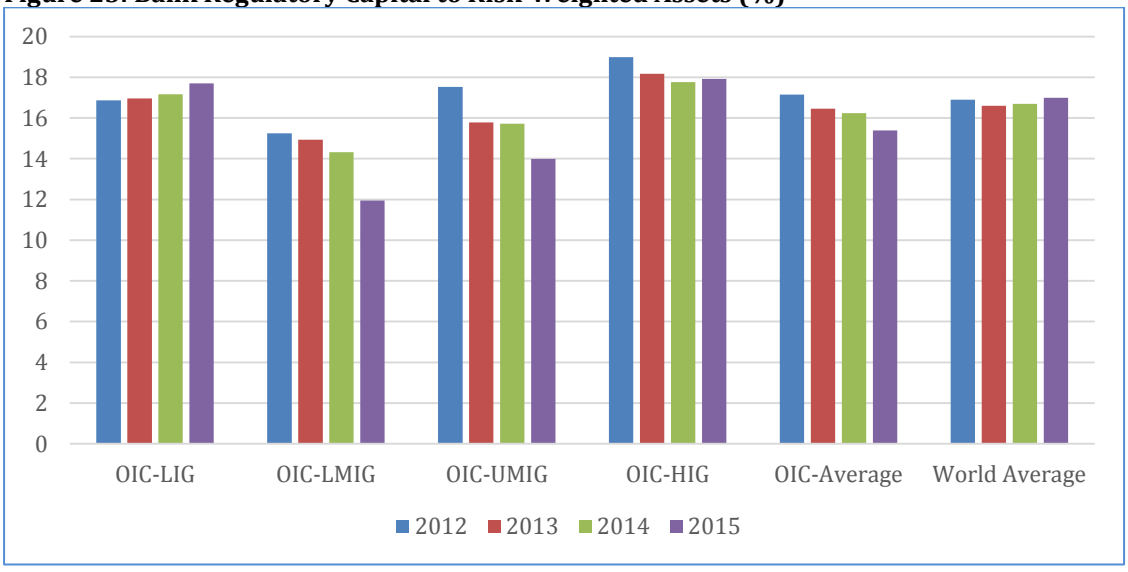
In this part of the study, bank regulatory capital to risk-weighted assets, bank capital to total assets ratio and banks non-performing loans to total gross loans variables are used to measure financial stability of financial institutions in the OIC Member States.

Bank regulatory capital to risk-weighted assets refers to the capital adequacy of deposit takers. It is a ratio of total regulatory capital to its assets held, weighted according to risk of those assets. This ratio is used as an important indicator to measure the robustness of the financial institutions during financial shocks. International financial regulatory institutions, for example the Bank for International Settlement (BIS), recommend financial institutions banks to hold adequate amount of capital to protect from systemic risks.

As shown in the following figure, OIC-LIG and OIC-HIG have the highest scores over the selected period compared to the other income groups and the World average. This can be explained by the robustness and strong asset structure of the banking system for the OIC-HIG group while the highest score for the OIC-LIG group may refer to weakness of asset base of the banking system compared to the regulatory capital.

[34] http://www.worldbank.org/en/publication/gfdr/background/financial-stability

Figure 23: Bank Regulatory Capital to Risk-Weighted Assets (%)



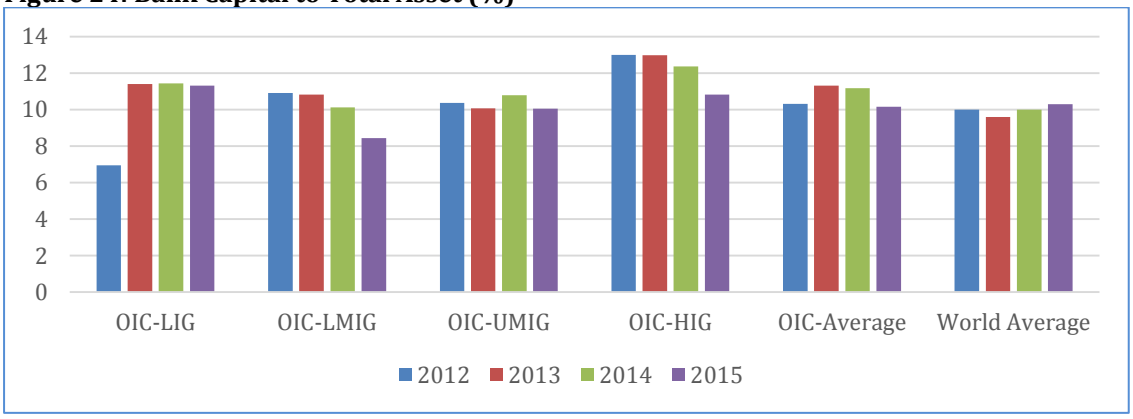
Source: Authors' calculation from the World Bank Database

Among the OIC income groups, OIC-LMIG and OIC-UMIG have the lowest scores in regulatory capital to risk-weighted assets which realized as 14 and 15 percent respectively. Compared to the other groups and the world average, these results make these countries more vulnerable against financial stress.

Another indicator used to measure the stability of the financial intermediaries is the ratio of **bank capital and reserves to total assets**. Capital and reserves include funds contributed by owners, retained earnings, general and special reserves, provisions, and valuation adjustments. Capital includes tier 1 capital (paid-up shares and common stock), which is a common feature in all countries' banking systems, and total regulatory capital, which includes several specified types of subordinated debt instruments that need not be repaid if the funds are required to maintain minimum capital levels (these comprise tier 2 and tier 3 capital). Total assets include all nonfinancial and financial assets.

Average of the OIC-HIG countries shows better performance than any other OIC groups and the World average. After reaching 13 percent for the years 2012 and 2013, the ratio slightly declined and realized as 10.8% for the OIC-HIG group. On the other hand, the other OIC groups have performed around the world average during the selected period.

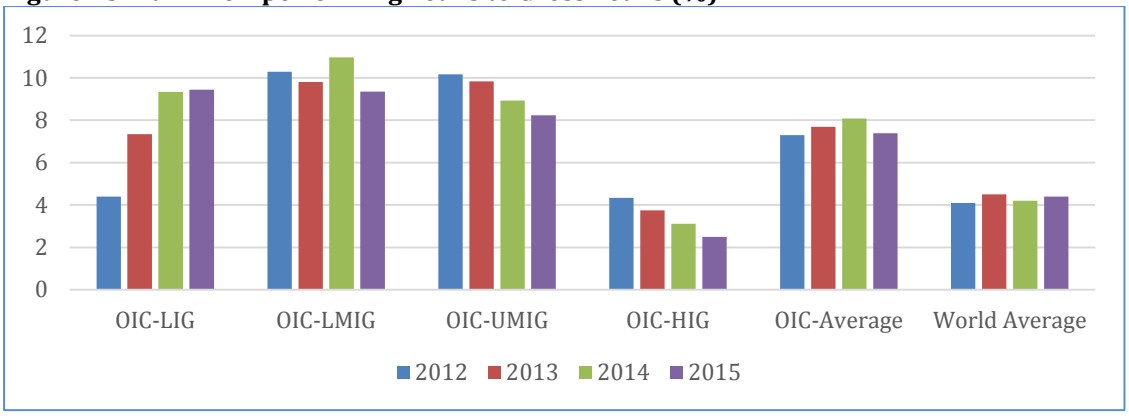
Figure 24: Bank Capital to Total Asset (%)



Source: Authors' calculation from the World Bank Database

The bank nonperforming loans to gross loans (NPL) Ratio is calculated as defaulting loans (payments of interest and principal past due by 90 days or more) to total gross loans (total value of loan portfolio). The loan amount recorded as nonperforming includes the gross value of the loan as recorded on the balance sheet, not just the amount that is overdue. As this ratio increases, possibility of insolvency in the banking sector also increases.

Figure 25: Bank Non-performing Loans to Gross Loans (%)



Source: Authors' calculation from the World Bank Database

The Figure shows that NPL ratios of OIC-LIG, OIC LMIG and OIC UMIC were very high compared to OIC HIGH. OIC LIG score for example increased significantly over the years and reached to 9.4 percent in 2015. While the OIC-LMIG scores were fluctuated around 10 percent, the OIC-UMIG group performance improved since 2012 and dropped to 8 percent in 2015. OIC-HIG has shown a very good performance over the years and the ratio declined to 2.5 percent in 2015 which was much better than the world average as well.

Financial stability is very crucial characteristic to measure the robustness of the financial institutions and markets. This characteristic has an overarching impact on all other financial measures and indicators as well as reflecting the health of all economy as its impact systemically affect overall economic structure. The selected indicators reveal that the OIC averages are hovering around the world average. On the other hand, high and upper middle income country groups have performed better than the world average.

3. ISLAMIC FINANCE

Islamic economics is the knowledge and application of injunctions and rules of the Shari'ah that prevent injustice in the acquisition and disposal of material resources in order to provide satisfaction to human beings and enable them to perform their obligations to Allah and to the society.

Islamic finance focuses on adhering to Shariah standards and providing Shariah compliant financial services and instruments. Islamic finance is becoming one of the most significant aspects of the modern global financial system. Despite the Islamic Finance industry has grown substantially it has mostly grown in a limited amount of regions. There is a great amount of opportunity for the industry to grow further by increasing public awareness.

Based on the Vision and with the guiding Core Principles of the COMCEC Strategy, finance especially Islamic finance has been an important field of study for the Financial Cooperation Working Group which brings together the relevant experts from the Member Countries regularly to produce knowledge, share experiences and best practices and develop a common understanding. In this context, the Financial Cooperation Working Group prepares analytical reports on Islamic finance industry.

The 9th Meeting of the Working Group will be held in October, 2017 in Ankara with the theme of "Diversification of Islamic Financial Instruments". The main objective of the report is to analyze existing Islamic financial products and services used at national and global level and to suggest policy recommendations on diversification of Islamic financial instruments. Ten countries including one non-OIC country analyzed as case studies.

The 10th Meeting of the Working Group with theme of the "Role of Sukuk in Islamic Capital Markets" will be held in March, 2018 in Ankara. The main objective of this study is to provide an analysis on theoretical and legal nature of sukuk, operational aspects of sukuk and the role of sukuk for capital market development. The study will provide comprehensive assessment of sukuk structures, issuances and investment. Five member countries and 1 non-OIC country will be studied as case country within the scope of the study.

Furthermore, during the period 2018-2020 the financial cooperation working group will elaborate different aspects of the Islamic Finance.

3.1 CONCEPT AND THE BRIEF MODERN HISTORY OF ISLAMIC FINANCE

While the core concepts of Islamic finance date back to the birth of Islam, the modern Islamic finance has emerged as a modern phenomenon since 1960s. Since then it has gained ground in global markets and emerged as an alternative and ethical form of finance against the conventional one. Over the years, the market and the development trend of the industry have been shaped by certain phenomena including deregulation, increased openness of the markets, technological change, global and regional socio-economic developments etc.

The Industry has gained a new momentum with the onset of the new millennia. The efforts have been coordinated by the global and regional communities to increase the awareness of the world towards this new ethical form of finance. The efforts have been shaped around to provide the recognition and acceptance of Islamic finance by the mainstream drivers of the industry. In order for this, the standardization efforts paved the way for establishing international standard setting bodies at the global scale and regulation and legal environment created by local authorities. Another historic juncture for the development of the industry has been the global financial crisis of 2009. Since the core pillars of Islamic finance require ban on speculation, asset-backing principle, risk-sharing etc., the industry has proved its soundness and maturity against the financial crises. Therefore, Islamic finance has been recognized as part of global finance with its growing customer base, asset size, diversified instruments, and geographical spread.

Islamic finance has emerged as an effective tool for financing development worldwide, including in non-Muslim countries. Major financial markets are discovering solid evidence that Islamic finance has already been mainstreamed within the global financial system. The Islamic finance industry has expanded rapidly over the past decade, growing at 10-12% annually and total assets are estimated at roughly US$2 trillion, covering bank and non-bank financial institutions, capital markets, money markets and insurance ("Takaful"). In many majority Muslim countries, Islamic banking assets have been growing faster than conventional banking assets. There has also been a surge of interest in Islamic finance from non-Muslim countries such as the UK, Luxembourg, South Africa, and Hong Kong. Islamic finance is equity-based, asset-backed, ethical, sustainable, environmentally- and socially-responsible finance. It promotes risk sharing, connects the financial sector with the real economy, and emphasizes financial inclusion and social welfare.[35]

The growing market shares and rising domestic systemic importance of Islamic finance underscores the importance of developing strong regulatory frameworks for prudential regulation and supervision in Islamic finance jurisdictions.

[35] World Bank, Islamic Finance Brief

3.2 ISLAMIC FINANCE OUTLOOK

Islamic finance growing rapidly over the past decade and its banking segment has become systemically important. Islamic finance is inherently less prone to crisis because its risk-sharing feature reduces leverage and encourages better risk management on the part of both financial institutions and their customers.

Islamic finance is projected to continue to expand against a shifting global economic landscape led by new challenges emerging from a changing political environment, new monetary policy directions from the US, sluggish recovery in oil prices, unresolved geopolitical conflicts and a general uncertainty in economic outlook for 2017.[36]

Table 3: Breakdown of IFSI by Sector and by Region, US$ Billion[37]

	Islamic Banking	Outstanding Sukuk	Islamic Funds Assets	Takaful Contributions	Total
Asia	218.6	182.7	19.8	4.4	**425.5**
GCC	650.8	115.2	23.4	11.7	**801.1**
Mena (ex-GCC)	540.5	16.6	0.2	8.4	**565.7**
Africa (ex-North Africa)	26.6	1.9	1.5	0.6	**30.6**
Others	56.9	2.1	11.2	N/A	**70.2**
Total	**1,493.4**	**318.5**	**56.1**	**25.1**	**1,893.1**

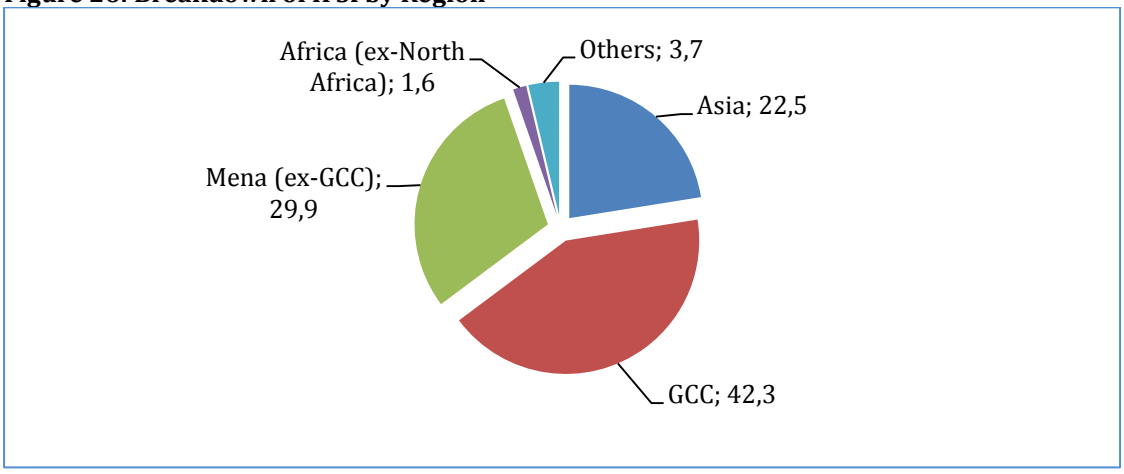
Source: IFSB

According to the IFSI Stability Report 2017, the asset size of the Islamic finance sector has grown steadily in 2016. The industry's total worth is estimated at USD 1.89 trillion in 2016 (see Table 3) which is USD 1.88 trillion in IFSI Stability Report 2016 and USD 1.87 trillion in IFSI Stability Report 2015. The slowdown largely stemmed from an adjustment in the value of global Islamic banking assets in US Dollar terms on the back of exchange rate depreciations in key Islamic banking markets (e.g. Iran, Malaysia, Turkey and Indonesia).

Islamic finance has grown rapidly in recent years, but remains concentrated in a few jurisdictions. Given the regional distribution of the Islamic finance sector, it is seen that the Gulf Cooperation Council (GCC) has the largest share of the Islamic financial assets in 2016. The region covers 42.3% of the global IFSI. The market share of Asia is 22.5%, MENA region except GCC countries has 29.9% and Africa except North Africa countries has 1,6% of the global IFI market share (see Figure 26).

[36] IFSB 2017 Report
[37] Data for Sukuk outstanding and Islamic funds is for full-year 2016; data for Islamic banking is for the six months ended June 2016 (1H2016); data for takaful is as at end-2015

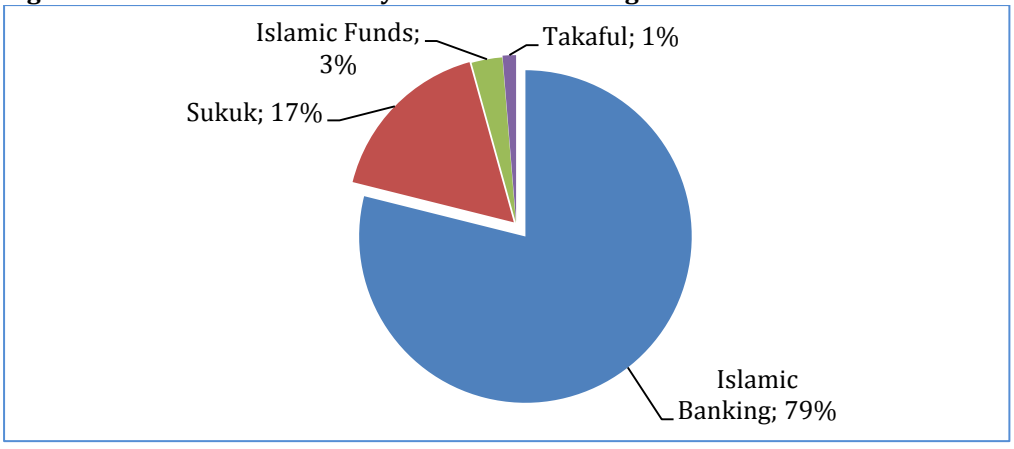
Figure 26: Breakdown of IFSI by Region



Source: IFSB

The Islamic Finance industry consists of three main segments as banking, capital markets and takaful. Islamic banking sector is the dominant component of the Islamic finance industry. As of the first half of 2016, global Islamic banking assets are representing 78.9% of the industry's total assets. Also Sukuk market represents 16.8%, Islamic funds represents 3.0% and Takaful market represents 1.3% of the Islamic finance industry.

Figure 27: Breakdown of IFSI by Islamic Finance Segments



Source: IFSB

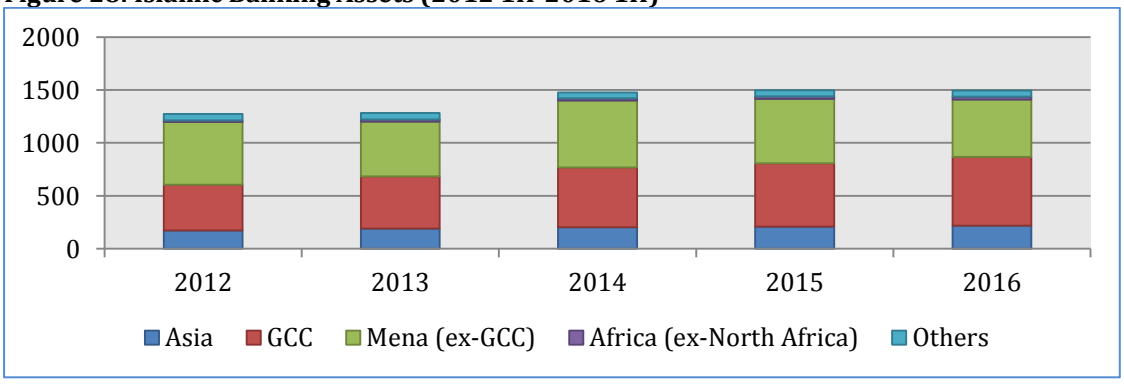
Considering the breakdown of total global Islamic finance assets, Islamic banking will likely be the main driver of growth. Regional and global events that have taken place over the past year have clearly impacted the financial sector, including Islamic finance. Because of the various factors affecting the global economic environment, growth rates of the Islamic financial industry segments remain depressed in 2016.

3.3 ISLAMIC BANKING

Islamic banking sector which has the largest market share of the Islamic finance industry has grown significantly since the first known experiment started in the Egyptian village of Mit Ghamr in 1963. Islamic banking assets valued at USD 1.49 trillion in 2016 and it represents approximately 79% of the industry's total assets.

Between 2012-2016, the banking assets increased steadily as shown in the figure below. However, in 2016 and 2015 the US Dollar values of Islamic banking assets in several countries were affected by exchange rate fluctuations. Especially national currencies of Iran, Malaysia, Nigeria and Turkey depreciated by more than 10% against the US Dollar in 2015, with an average decline of 19.2% against the US Dollar.

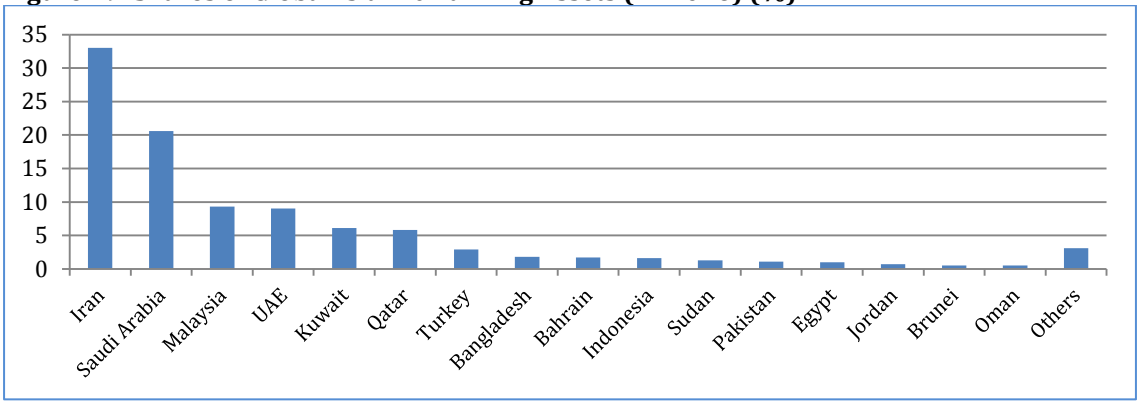
Figure 28: Islamic Banking Assets (2012 1H-2016 1H)



Source: IFSB

In terms of global shares, Iran has the largest market share with accounting for 33% of the global Islamic banking industry in the first half of 2016. Iran is followed by Saudi Arabia and Malaysia with the market shares of 20.6% and 9.3% respectively. Among the Muslim countries, the market share of GCC countries have the highest share compared to others. In first half of 2016, the top 10 Islamic banking jurisdictions in terms of asset size account for 91.8% of the global Islamic banking industry. According to this concentration ratio, the stability of the Islamic financial system as well as the further development and sustainable growth of the industry is highly dependent on the soundness and resilience of Islamic banking operations in these particular countries.

Figure 29: Shares of Global Islamic Banking Assets (1H2016) (%)



Source: IFSB

Overall, despite challenging economic conditions, the majority of jurisdictions recorded reasonable levels of growth in key Islamic banking statistics, with expansion of their assets, financing and deposit portfolios at double-digit rates. The value of Islamic banking assets globally is forecasted to amount to approximately USD 1.51 trillion in 2016.[38]

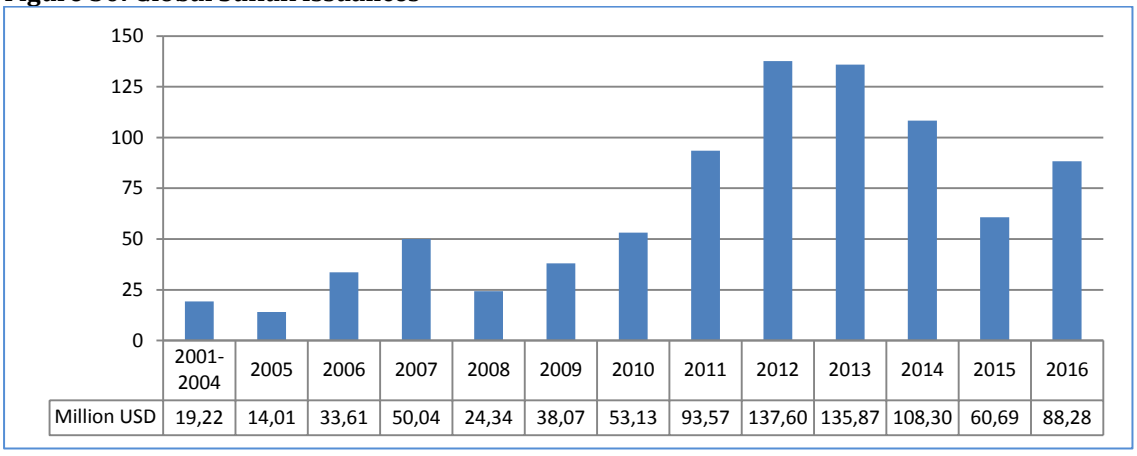
3.4 CAPITAL MARKET SECTOR

Sukuk Market

The sukuk market continues to evolve in recent years and expand to new regions with the bulk of issuances coming from sovereign and quasi-sovereign entities which is having a positive impact on the development of Islamic finance industry and the market itself.

Total global issuances increased around 44% and amounted to USD 88.3 billion in 2016 which was USD 60.7 billion in 2015 (Figure 30). The increase in volume during 2016 was due to steady issuances from Asia, GCC, Africa and certain other jurisdictions while Malaysia continue to dominate the Sukuk market and also Indonesia and Turkey increased sukuk issuances as well.

Figure 30: Global Sukuk Issuances



	2001-2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Million USD	19,22	14,01	33,61	50,04	24,34	38,07	53,13	93,57	137,60	135,87	108,30	60,69	88,28

Source: IIFM

Total international sukuk issuances stood at USD 31.56 billion in 2016 which was USD 20.9 billion in 2015 and total domestic sukuk issuances reached to USD 56.7 billion in 2016 from USD 39.8 billion in 2015. In 2016 both international and domestic sukuk issuance increased significantly.

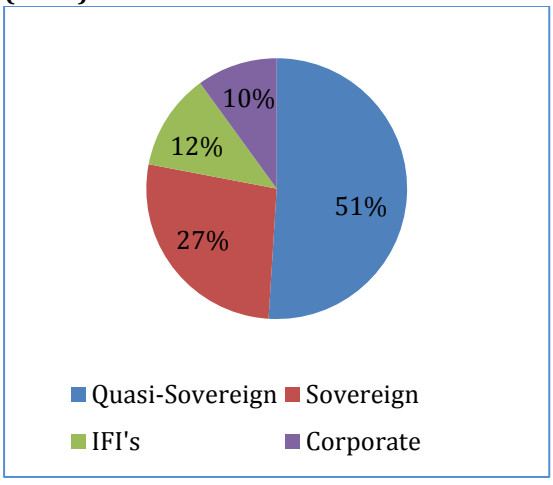
In terms of issuer status sukuk issuances divided into four groups as sovereign, quasi-sovereign, corporate and IFI issuers. The amount of sukuk varies according to issuer status and whether issued at domestic or international sukuk market. In the international market quasi-sovereign sukuk issuances constitute 51% of the total issuances. Nevertheless, in the domestic

[38] IFSB Financial Stability Report 2017, page 13

market sovereign sukuk issuances accounted 58% of the issuances. The issuances by IFIs remain stagnant in comparison with the other issuer types (Figures 31 and 32).

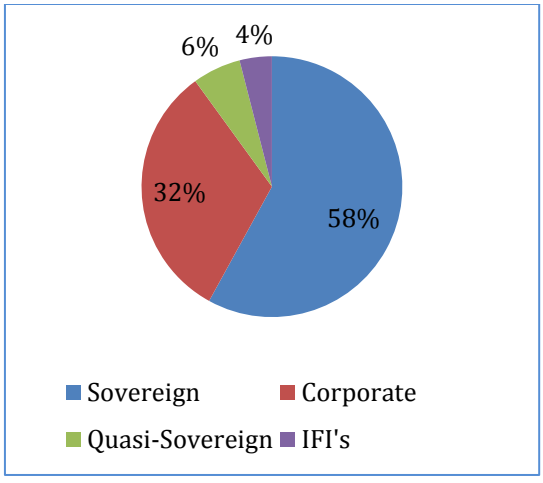
The sukuk industry still continues to depend heavily on government issuances to drive the market. According to the sukuk report published by the International Islamic Financial Market (IIFM) due to the tighter economic and geo-political conditions in different parts of the world the growth in sukuk market is expected to be driven by sovereign and quasi-sovereign issuers. In order to deepen the sukuk market, there is a need for corporate entities to become more active in issuing sukuk taking lead from jurisdictions like Malaysia.

Figure 31: International Sukuk Issuances (2016)



Source: IIFM

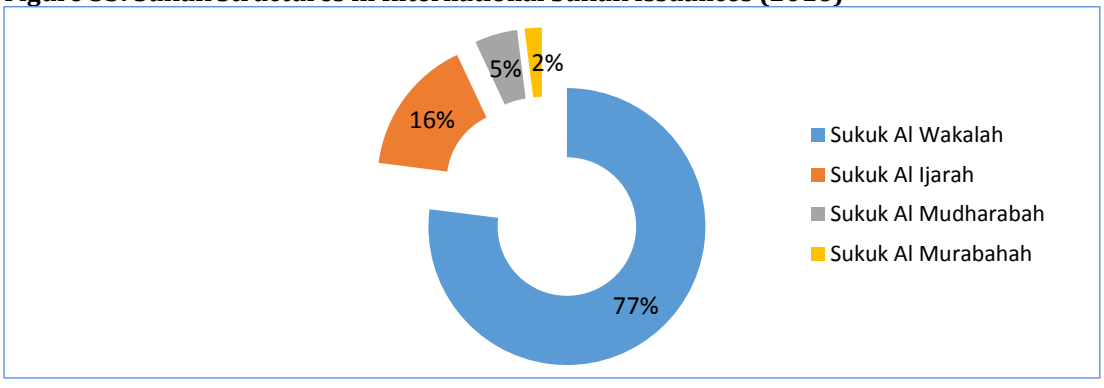
Figure 32:Domestic Sukuk Issuances (2016)



Source: IIFM

In international and domestic sukuk markets sukuk financing structures varies based on market needs and trends. In the international Sukuk markets, Sukuk Al Ijarah has historically been the more popular structure for issuance. Since 2010 share of Sukuk Al Ijarah started to decline and its place was taken by Sukuk Al Wakalah. In 2016 Sukuk Al Wakalah share rose to 77% amounting to USD24.2 billion of the total international issuances (Figure 33).

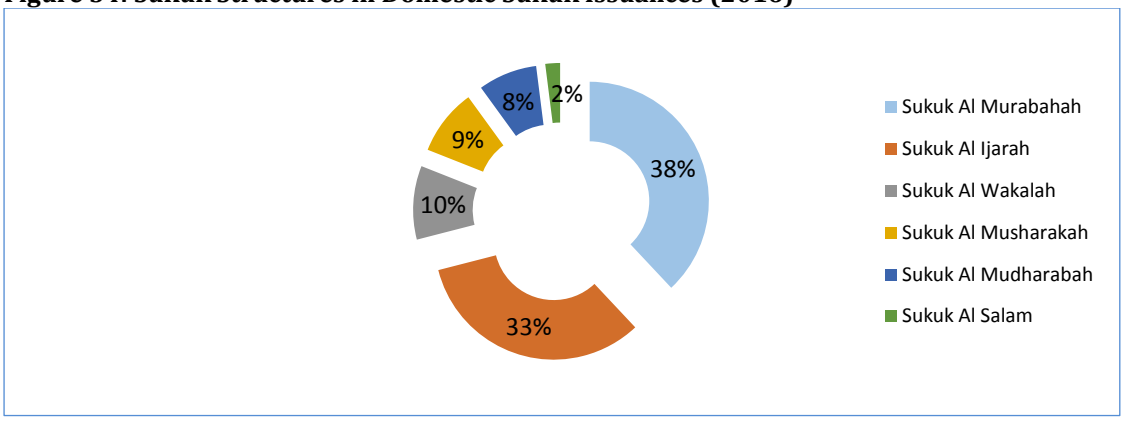
Figure 33: Sukuk Structures in International Sukuk Issuances (2016)



Source: IIFM

In domestic sukuk markets, Sukuk Al Murabahah has been the most popular sukuk structure for years. In 2016, USD 21.7 billion or 38% of total domestic issuances were based on the Sukuk Al Murabahah structure. Sukuk Al Ijarah and Sukuk Al Wakalah are still important for the market and they constitute 43% of the total domestic sukuk issuances (Figure 34).

Figure 34: Sukuk Structures in Domestic Sukuk Issuances (2016)



Source: IIFM

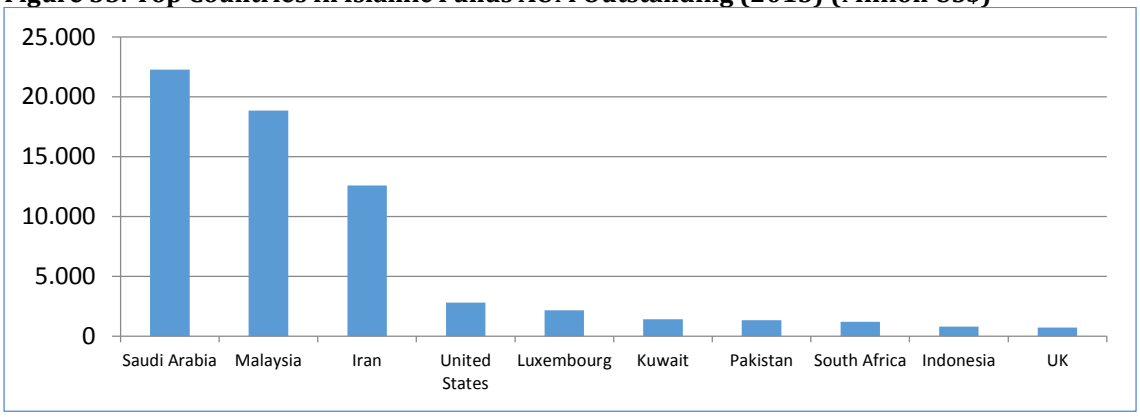
The sukuk market experienced moderate improvements year by year in both issuances volume in the primary market and sukuk outstanding in the secondary market. Secondary market returns performances of sukuk instruments depends on the global economic conditions because the sukuk market operating alongside the bond market in the financial world. Based on a potential increase in public spendings after the US Presidential election results in November 2016, demand by investors for USD instruments also USD sukuk triggered.

Islamic Funds

Islamic funds are investment vehicles which take the form of equal participating shares/units, representing the shareholders'/unitholders' share of the assets and entitlement to profits or losses. There are many types of Islamic funds such as Islamic index funds, Shariah private equity funds, Sukuk funds, Islamic equity funds etc.

Saudi Arabia and Malaysia are the leaders in Islamic funds market. In 2015 Saudi Arabia, Malaysia and Iran make up 81% of total global Islamic funds market. Apart from these countries, the position of non-OIC member states (United States, Luxemburg and UK) among the top ten countries is notable (Figure 35)

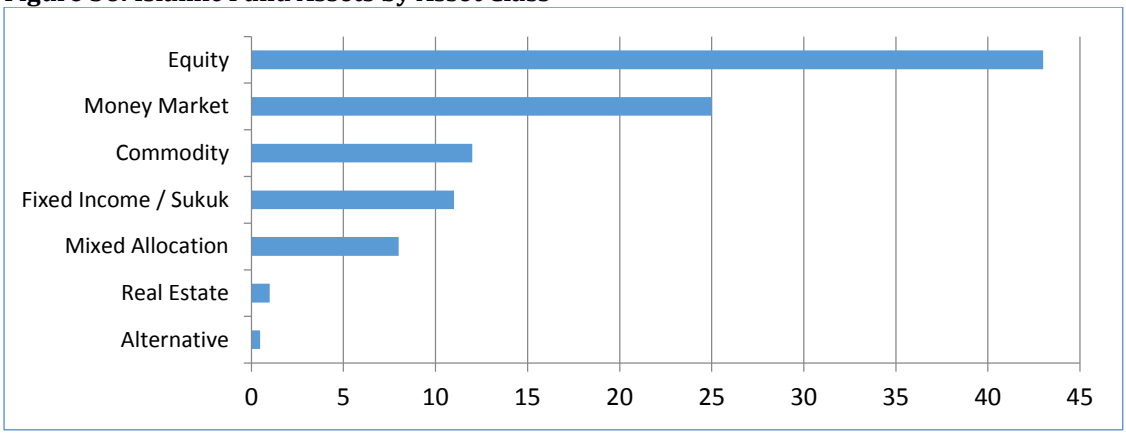
Figure 35: Top Countries in Islamic Funds AUM Outstanding (2015) (Million US$)



Source: Thomson Reuters

Despite the negative economic environment such as volatile global financial markets, decline in commodity prices, there is an important effort from Southeast Asia to develop Islamic fund market. Malaysian government has put a Shariah-compliant scheme in place for its retirement savings fund (The Employees Provident Fund-EPF) which invests in Islamic finance assets, particularly sukuk. In addition, Asian asset managers such as Malaysia's RHB Group Asset Management and Indonesia's PT Mandiri Manajemen Investasi are also planning to launch new Islamic funds in the near future.[39]

Figure 36: Islamic Fund Assets by Asset Class



Source: IFSB

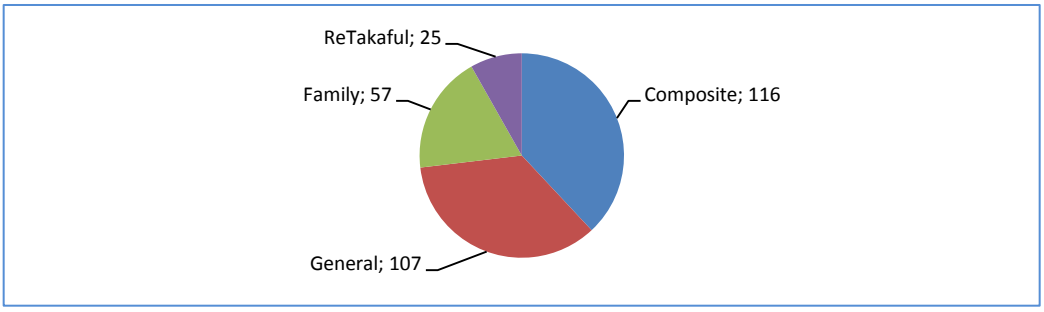
In terms of asset-class breakdown of the global Islamic funds, the share of equity-based funds is 43% in 2016. Furthermore, the share of money market-based funds accounting for 25% and commodity-based funds accounting for 12%. The other significant asset classes include fixed income/ sukuk, mixed allocation and real estate (Figure 36).

[39] ICD – Thomson Reuters Islamic Finance Development Report 2016, page 74

3.5 TAKAFUL

Although takaful has a small volume and it is rather an underdeveloped segment of Islamic finance, its popularity has increased recent years and becoming an important component of Islamic financial industry. This small, yet growing, industry is served by 305 takaful providers including 25 re-takaful companies.[40] With 116 companies, composite takaful dominates the global takaful industry. In addition to the composite takaful, 107 general and 57 family takaful companies are operating in the industry (Figure 37).

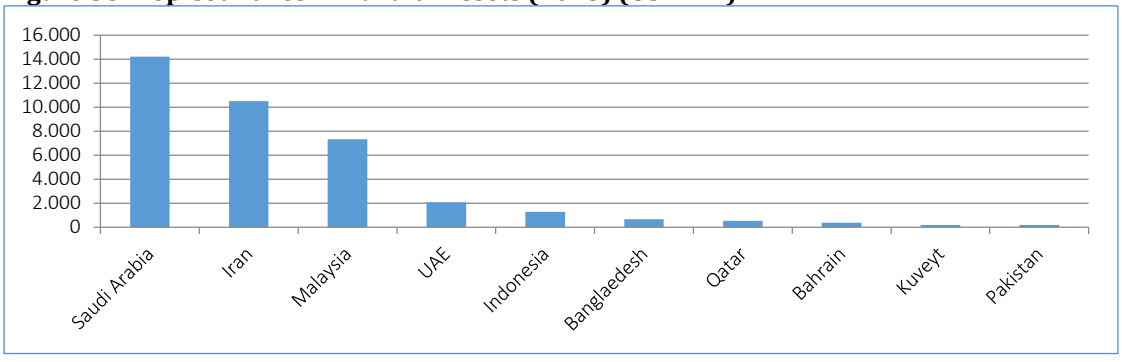
Figure 37: Number of Takaful Operators and Windows Globally (2015)



Source: IFSB

With a series of challenging global economic conditions in the past decade, the global takaful sector has witnessed an average annual growth of 16% during the period of 2008–2015.[41] Global takaful assets reached to USD 38 billion in 2015 and were mainly driven by the top 3 countries: Saudi Arabia, Iran and Malaysia. These three countries hold 85% of total takaful assets. Saudi Arabia is the biggest takaful market as its insurance market is based fully on a cooperative insurance model. Besides Saudi Arabia, Iran and Malaysia are the prominent players in takaful industry that Iranian takaful sector stands at USD 10.5 billion and Malaysian is USD 7.3 billion (Figure 38).

Figure 38: Top Countries in Takaful Assets (2015) (USD MN)



Source: Thomson Reuters

The insurance penetration in most OIC countries is rather low and takaful industry is growing by the support of the Islamic finance industry. In this context, there is an important market potential for market shareholders.

[40] IFSB Stability Report 2017
[41] IFSB Stability Report 2017

4. FINANCIAL COOPERATION UNDER THE COMCEC

The financial cooperation area has a great potential for the socio-economic development of the OIC member countries. However, this potential has not been fully utilized due to several reasons. First of all, the majority of the OIC Member States' financial markets are not working efficiently to support a sustainable economic growth and development, and this issue especially affects the low and lower-middle income OIC member countries adversely. In addition, various economic and financial difficulties such as the small size of their financial markets, lack of diversified financial products and inefficiency of their financial institutions have adverse effects on the economic development. In this regard, financial cooperation has emerged an important area for the COMCEC to help the Member States to overcome the issues in this area.

The ideas for enhancing financial cooperation under the COMCEC date back to its initial meetings. The Cooperation efforts in this area have been intensified and deepened in recent years. The COMCEC Strategy, adopted by the 4th Extraordinary Islamic Summit in 2012, defined finance as one of the cooperation areas of COMCEC. Furthermore, there are also several on-going efforts in this field such as cooperation among the Stock Exchanges Forum, COMCEC Capital Markets Regulators Forum and the Meetings of Central Banks and Monetary Authorities.

4.1 THE COMCEC STRATEGY: FINANCIAL COOPERATION

COMCEC Strategy defines "deepening financial cooperation among the member countries" as the strategic objective of the COMCEC in this field. The Strategy identifies, "Regulatory and Supervisory Cooperation", "Capital Flows", "Visibility of Financial Markets", "Training, R&D Activities and Statistics" as output areas in its finance section and specifies several expected outcomes under each of them.

4.1.1 REGULATORY AND SUPERVISIORY COOPERATION

COMCEC aims to help improve the quality of regulation, supervision and cooperation among regulatory and supervisory bodies in the OIC Member States. The expected outcomes defined by the Strategy are as follows:

- Developed legal, regulatory and institutional framework,
- More standardized contracts and more harmonized regulations,
- Converged listing requirements, trading rules and technical infrastructure,
- Strengthened arbitration procedures, credit information and credit registry system, risk measurement and risk management systems.

4.1.2 CAPITAL FLOWS

Attracting capital flows at competitive rates is one of the major common challenges faced in many OIC Member States. In this regard, COMCEC will support to ease the capital flows within the member countries through contributing the removal of institutional and regulatory barriers and developing relevant platforms. The Strategy envisages the following expected outcomes:

- Enhanced access to capital at competitive rates,
- Diversified portfolios,
- Increased investment opportunities.

4.1.3 VISIBILITY OF FINANCIAL MARKETS

Financial visibility is an important criteria for attracting more FDI and capital flows as well as the deepening of the markets. In this regard, COMCEC will help to enhance the visibility of financial markets in the member countries. As for the Visibility of Financial Markets, the expected outcomes introduced by the Strategy are as follows:

- Enhanced awareness on Islamic financial markets,
- Increased issuance and listing of securities,
- Attracted foreign investment.

4.1.4 TRAINING, R&D ACTIVITIES AND STATISTICS

The lack of sound statistical capacity as well as the lack of diversified products mainly because of the limited R&D activities are main challenges for the OIC Member States. In this framework, COMCEC attaches great importance to training and R&D activities to improve human capital in its member countries for a sustainable economic growth. COMCEC also assists the OIC Member States in monitoring their financial markets and financial institutions to ensure their efficiency and stability. The expected outcomes of the Strategy concerning this Output Area are:

- Enhanced diversification and variety of financial products,
- Developed platforms for payment and settlement systems and post trade services,
- Developed human resources and increased financial literacy,
- Reliable and consistent financial system database and creation of indicators of financially sound systems,
- Enhanced monitoring of financial institutions and markets.

4.2 IMPLEMENTATION OF THE STRATEGY

In line with its objectives and expected outcomes, the COMCEC Strategy brings well-identified operational instruments, i.e. the Working Groups and the COMCEC Project Cycle Management (PCM).

4.2.1 COMCEC FINANCIAL COOPERATION WORKING GROUP

The COMCEC Financial Cooperation Working Group aims to bring the relevant finance experts from the OIC Member States regularly together and to serve as a regular platform for the Member Country experts to discuss their common issues in finance sector and share their knowledge, experiences and best practices, for disseminating knowledge, developing common understanding and approximating policies among Member Countries. The Working Group has held 8 meetings so far.

The First Financial Cooperation Working Group Meeting was held on December 12th, 2013, in Ankara with the theme of "Enhancing Capital flows in the OIC Member States". The Second Meeting was held on March 27th, 2014 with the theme of "Enhancing Financial Inclusion in the Member States". The third one was held on October 16th, 2014 in Ankara, Turkey with the theme of "Risk Management in Islamic Financial Instruments". The Fourth Meeting of the COMCEC Financial Cooperation Working Group was held on 19th March, 2015 in Ankara with the theme of "Improving Banking Supervisory Mechanisms in the OIC Member Countries". The fifth Meeting of the Financial Cooperation Working Group was held on October 15th, 2015, in Ankara with the theme of "Retail Payment Systems in the OIC Member Countries".

The sixth Meeting of the Financial Cooperation Working Group was held on 17-18 March 2016, in Ankara with theme of the "Developing Islamic Finance Strategies in the OIC Member Countries." In line with the relevant resolution of the 31st Session of the COMCEC, the 6th Meeting of the Financial Cooperation Working Group also served as the preparatory event for the Exchange of Views Session of the 32nd COMCEC Ministerial Meeting. The Seventh Meeting of the COMCEC Financial Cooperation Working Group was held on October 20th, 2016 in Ankara, Turkey.

The Eight Meeting of the COMCEC Financial Cooperation Working Group was held on March 30th, 2017 in Ankara, Turkey with the theme of "Improving Public Debt Management in the OIC Member Countries". The Representatives of the Member States have shared their experiences, achievements and challenges in public debt management in their respective countries. The Meeting has considered the Study "Improving Public Debt Management in the OIC Member Countries" commissioned by the COMCEC Coordination Office and the "COMCEC Financial Outlook 2016" prepared by the COMCEC Coordination Office.

The participants discussed some crucial policy issues in light of the main findings of the research report prepared specifically for the Meeting and the responses of the member Countries to the policy questions sent to the Member States. Accordingly, the working group has come up with the following crucial policy recommendations for the Member Countries:

- *Strengthening/Setting up an independent Public Debt Management Unit with well-defined functions and a dedicated debt management strategy,*
- *Developing/improving domestic debt market,*
- *Broadening and diversifying the creditor base*,

- *Lengthening the average maturity of the public debt,*
- *Applying macroeconomic risk management methods.*

The proceedings of the abovementioned Meetings and the presentations made during these Meetings are available on the COMCEC web page (www.comcec.org).

4.2.2 COMCEC PROJECT FUNDING MECHANISM

The other important instrument for the implementation of COMCEC Strategy is the new COMCEC Project Funding Mechanism. Through its Project Funding Mechanism, the CCO provides grants to the selected projects proposed by the relevant OIC institutions and Member States that have already registered with the Financial Cooperation Working Group.

The fifth project call within the scope of the COMCEC PFM was made in September 2017. The selected projects under the fifth call will be implemented in 2018.

4.3 ON-GOING ACTIVITIES UNDER THE COMCEC

4.3.1 OIC MEMBER STATES STOCK EXCHANGES FORUM

COMCEC initiated the cooperation among Stock Exchanges of the Member States in 2005 and "OIC Member States Stock Exchanges Forum" was established in this regard. The Forum focuses on the harmonization of the rules and regulations governing market operations, as well as opening communication channels for the stock exchanges of the OIC Member Countries and relevant institutions.

The Forum provides a regular cooperation platform for the Stock Exchanges of the member countries to share their experiences and knowledge on harmonizing the rules and regulations governing market operations, as well as for increasing the amount of international portfolio investments flowing to OIC Member States.

The Forum has convened tenth times till now and has achieved remarkable progress in deepening cooperation among the Stock Exchanges of the Member States. It has completed its work regarding the S&P OIC/COMCEC Index. The Index, launched on June 22nd 2012, in Istanbul, was designed to measure the performance of 50 leading companies from the 19 member states of OIC, namely, Bahrain, Bangladesh, Cote D'ivoire, Egypt, Indonesia, Jordan, Kazakhstan, Kuwait, Lebanon, Malaysia, Morocco, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Tunisia, Turkey and the United Arab Emirates. The official launching ceremony of the Index was held during the 28th Session of the COMCEC.

In line with the relevant resolution of the COMCEC the Forum has been working on "Gold Market Initiative for the OIC member Countries". In this context, the OIC Member States' Stock Exchanges Forum submitted the report on "Technical Report on Gold Market Initiative for the OIC Member States" to the 32nd Session of the COMCEC. Accordingly, the 32nd Session welcomed the Forum's proposal to establish a highly adaptable web-based gold trading and clearing platform with the ultimate aim of a gold exchange/platform among the volunteering Member Countries. The 32nd Session also requested the Forum/Forum's Secretariat to carry out necessary studies for the suggested platform/exchange and invited the interested member states to actively participate in the Forum's Task Force to support the suggested platform/exchange through accelerating the process of integration of exchanges and harmonization of regulatory frameworks. Furthermore, recalling the abovementioned resolution of the 32nd Session of the COMCEC, the 33rd Meeting of the Follow-up Committee took note of the efforts made towards establishing a highly adaptable web-based gold trading and clearing platform with the ultimate aim of a gold exchange/platform among the volunteering Member Countries and requested the Forum/Forum's Secretariat to finalize the necessary studies for the suggested platform/exchange and submit a comprehensive report to the 33rd Session of the COMCEC

The 11th OIC Member States Stock Exchanges Forum will be held on October 31st, 2017 in İstanbul.

4.3.2 COMCEC CAPITAL MARKETS REGULATORS FORUM

In line with the relevant resolutions of the 25th and the 26th Sessions of the COMCEC calling for developing a cooperation mechanism for capital markets regulatory bodies of the Member States, the COMCEC Capital Markets Regulators Forum was established in 2011.

The Forum aims at increasing coordination and cooperation in regulatory and legal infrastructure with a view to achieving more harmonized policies and regulations among the OIC Member States, supporting market development and reinforcing capabilities of regulatory authorities. The Forum has held 5 meetings so far.

In line with the relevant resolution of the COMCEC the Forum has been working on ""Real Estate Securities Exchange Initiative for COMCEC Member States". Within this framework, the COMCEC Capital Markets Regulators Forum submitted a report on "Real Estate Securities Exchange Initiative for COMCEC Member States" to the 32nd Session of the COMCEC. The Session took note of the Forum's proposal to establish COMCEC Real Estate electronic platform among the interested OIC Member States participating in the Forum. The Session also requested the Forum/ the Forum's Secretariat to conduct comprehensive studies to identify necessary stages towards establishing the suggested platform, with the support of the relevant national authorities and securities exchanges from the volunteering Member States. Furthermore, the Session invited the interested member states to actively participate in studies to support the suggested platform by identifying their authorized bodies to expedite further technical work for establishing the platform. Moreover, recalling the abovementioned resolution of the 32nd Session of the COMCEC, the 33rd Meeting of the Follow-up Committee took note of the efforts made towards the Forum's proposal to establish COMCEC Real Estate electronic platform among the interested OIC Member States participating in the Forum and requested the Forum/the Forum's Secretariat to complete the comprehensive study for identifying the necessary stages towards establishing the suggested platform, with the support of the relevant national authorities and securities exchanges from volunteering Member States and submit a report to the 33rd COMCEC Ministerial Session

The 6th COMCEC Capital Markets Regulators Forum will be held on October 31st, 2017 in İstanbul.

4.3.3 COOPERATION AMONG THE CENTRAL BANKS AND MONETARY AUTHORITIES

The 15th meeting of the Central Banks and Monetary Authorities was held on 21-22 September 2017 in Bodrum, Turkey. The Meeting elaborated on how to design appropriate policies to strengthen resilience and make growth more inclusive over time. In the Meeting, Central Banks and Monetary Authorities of the OIC member countries agreed to establish two working groups to prepare technical reports in the following areas: Financial Inclusion and OIC Economic Outlook.

APPENDIX

Table 3: Selected Financial Data on LIG-OIC Member States (2012)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Low-Income Group (OIC-LIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank non-performing loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Afghanistan	4,0	4,0	-	-	172,1	2,2	-	-	-	0,3	12,1	-	-	-	24,5	-
2	Benin	21,7	28,7	-	-	128,4	3,1	-	-	3,6	1,3	15,8	-	-	-	86,3	-
3	Burkina Faso	18,8	23,6	-	-	105,5	2,2	-	-	4,6	2,2	27,2	-	-	-	80,4	-
4	Chad	5,5	6,7	-	-	0,0	0,7	-	-	-	2,2	24,3	-	-	-	89,3	-
5	Comoros	19,3	20,0	-	-	92,0	2,3	-	-	8,8	0,0	0,0	-	-	-	70,1	-
6	Guinea	7,6	13,1	-	-	56,3	1,6	-	-	-	1,6	19,6	-	-	-	38,6	-
7	Guinea-Bissau	11,8	14,0	-	-	69,1	2,3	-	-	5,5	-1,5	-10,6	-	-	-	66,9	-
8	Mali	20,7	23,8	-	-	152,2	4,8	-	-	5,1	1,0	9,9	-	-	-	94,8	-
9	Mozambique	22,1	33,0	-	-	0,0	3,7	-	-	5,4	2,2	17,0	-	3,2	9,5	66,4	17,9
10	Niger	12,6	14,6	-	-	35,3	1,3	-	-	6,2	2,3	20,8	-	-	-	114,4	-
11	Sierra Leone	6,0	10,9	-	-	175,6	3,0	-	-	10,6	2,6	19,9	-	14,7	12,5	43,3	27,7
12	Somalia	0,0	0,0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	The Gambia	15,4	39,6	-	-	-	8,8	-	-	16,5	2,0	20,6	-	-	-	36,0	-
14	Togo	27,9	37,0	-	-	157,7	4,5	-	-	4,0	1,9	23,7	-	-	-	81,7	-
15	Uganda	12,4	16,7	30,7	-	200,2	2,7	-	-	10,1	3,9	24,9	0,2	4,1	12,7	83,3	21,9

Source: The World Bank Database

Table 4: Selected Financial Data on LMIG-OIC Member States (2012)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Lower Middle Income Group (OIC-LMIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Bangladesh	39,4	54,8	14,5	1,3	533,9	7,9	-	-	3,7	-0,7	-8,4	65,1	9,7	5,4	88,3	9,5
2	Cameroon	13,1	15,8	-	-	51,9	1,8	-	-	-	1,2	16,3	-	11,6	2,6	78,5	6,3
3	Cote d'Ivoire	15,8	21,6	25,0	0,5	182,5	4,6	-	-	2,5	1,0	12,8	2,4	-	-	69,4	-
4	Djibouti	28,4	31,8	-	-	94,2	5,3	-	-	9,7	2,2	31,1	-	11,4	-	40,2	11,7
5	Egypt, Arab Rep.	27,0	61,9	19,4	5,9	365,1	4,6	-	-	4,4	1,0	14,4	31,9	9,8	7,2	48,6	14,9
6	Guyana	30,5	45,4	18,4	-	-	7,7	-	-	12,3	2,1	20,7	-	-	-	57,4	-
7	Indonesia	27,3	31,7	43,3	10,4	-	9,4	-	-	5,9	2,3	19,6	23,2	1,8	12,2	85,4	17,3
8	Kyrgyz Republic	11,7	13,4	2,5	0,1	201,9	7,7	-	-	21,4	4,2	26,3	3,4	7,2	18,3	97,1	28,3
9	Mauritania	27,5	31,5	-	-	85,7	4,6	-	-	11,2	0,9	5,1	-	25,7	17,5	115,1	29,2
10	Morocco	69,7	89,5	55,3	3,7	-	22,9	-	-	-	1,0	11,8	6,4	5,0	8,5	80,6	12,3
11	Nigeria	11,5	19,7	10,3	0,9	639,2	5,8	-	-	8,4	3,0	21,7	8,6	3,7	10,8	66,3	18,3
12	Pakistan	16,9	36,5	16,9	4,8	270,9	9,1	-	-	5,5	2,3	26,6	31,5	14,5	9,0	58,4	15,4
13	State of Palestine	23,7	34,4	24,2	2,3	616,4	10,5	-	-	-	1,9	16,2	8,9	-	-	42,0	-
14	Senegal	27,9	34,1	-	-	131,5	4,7	-	-	1,3	1,3	12,3	-	18,4	9,6	92,7	16,3
15	Sudan	9,9	14,1	-	-	-	2,9	-	-	-	1,0	6,8	-	-	-	69,7	-
16	Syrian Arab Republic	-	-	-	-	213,5	4,4	-	-	-	0,1	1,1	-	-	-	-	-
17	Tajikistan	12,0	14,1	-	-	551,6	6,2	-	-	13,4	-1,4	-7,6	-	9,5	20,5	125,6	25,9
18	Uzbekistan	-	-	-	-	906,3	38,1	-	-	-	1,3	13,3	-	0,5	11,4	-	24,3
19	Yemen	5,0	15,7	-	-	112,5	1,7	-	-	5,0	2,7	26,6	-	25,5	8,8	23,2	29,6

Source: The World Bank Database

Table 5: Selected Financial Data on UMIG-OIC Member States (2012)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Upper Middle Income Group (OIC-UMIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Albania	38,7	63,5	-	-	-	23,9	-	-	5,5	0,6	4,8	-	22,5	8,6	57,1	16,2
2	Algeria	13,4	34,7	-	-	300,2	5,2	-	-	6,3	1,5	14,2	-	11,7	7,9	32,9	23,6
3	Azerbaijan	17,9	21,3	-	-	462,5	9,6	-	-	8,1	1,3	10,1	-	5,7	14,6	139,9	16,8
4	Gabon	9,9	13,5	-	-	179,4	9,8	-	-	-	2,3	18,2	-	2,5	10,0	55,9	10,9
5	Iran, Islamic Rep.	51,5	57,3	16,0	2,4	-	26,8	-	-	-	-	-	16,0	-	-	104,2	-
6	Iraq	6,3	13,3	-	-	-	5,4	-	-	-	4,2	16,8	-	-	-	28,9	-
7	Jordan	70,4	107,5	87,3	10,7	-	18,5	-	-	5,0	1,3	8,3	10,1	7,7	13,3	74,7	19,0
8	Kazakhstan	35,8	40,9	16,4	0,4	-	3,3	-	-	-	3,1	25,9	3,3	19,4	14,5	129,2	17,5
9	Lebanon	81,9	150,6	23,8	1,1	774,5	27,0	-	-	1,5	1,1	12,4	4,0	3,8	-	36,9	13,0
10	Libya	9,1	13,8	-	-	873,1	11,4	-	-	3,5	0,8	5,4	-	-	-	22,3	-
11	Malaysia	107,9	121,2	136,5	40,2	847,1	11,1	-	-	1,8	1,7	17,0	28,8	2,0	9,4	88,1	17,6
12	Maldives	39,7	56,7	-	-	1101,4	12,3	-	-	6,8	3,8	37,4	-	20,9	16,1	87,5	35,9
13	Suriname	22,5	24,5	-	-	-	11,0	-	-	5,0	1,4	20,4	-	-	-	58,3	-
14	Tunisia	69,5	74,4	19,4	2,4	782,5	17,5	-	-	-	0,5	6,6	14,3	12,8	7,8	129,6	11,8
15	Turkey	50,0	68,9	31,4	44,1	917,6	18,6	-	-	-	1,9	15,7	145,0	2,7	12,1	103,9	17,9
16	Turkmenistan	-	-	-	-	-	-	-	-	-	0,7	19,0	-	-	10,2	-	45,3

Source: The World Bank Database

Table 6: Selected Financial Data on HIG-OIC Member States (2012)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	High-Income Group (OIC-HIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Bahrain	68,5	88,2	54,4	0,7	-	-	-	-	5,0	1,2	9,2	1,8	5,8	12,6	99,4	19,3
2	Brunei Darussalam	27,5	30,3	-	-	1850,5	22,1	-	-	5,3	1,3	16,1	-	5,4	9,1	50,3	21,2
3	Kuwait	54,6	58,3	56,7	12,4	1184,9	14,6	-	-	2,9	1,4	9,5	23,3	5,2	12,6	96,1	18,0
4	Oman	39,4	46,4	37,2	3,4	-	18,2	-	-	3,0	1,6	13,4	9,3	2,1	13,0	122,3	16,0
5	Qatar	36,4	79,7	66,2	11,3	642,5	13,6	-	-	3,7	2,4	16,6	12,2	1,7	-	73,4	18,9
6	Saudi Arabia	33,7	41,4	48,4	54,3	702,7	8,3	-	-	-	2,0	14,6	143,9	1,7	13,9	133,4	18,2
7	United Arab Emirates	60,2	79,1	26,1	4,4	-	12,2	-	-	-	1,7	12,1	18,4	8,4	16,8	103,2	21,2

Source: The World Bank Database

Table 7: Selected Financial Data on LIG-OIC Member States (2013)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Low-Income Group (OIC-LIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Afghanistan	3,9	3,9	-	-	161,7	2,3	-	-	-	0,5	8,1	-	-	-	23,3	-
2	Benin	21,7	28,3	-	-	139,8	3,2	-	-	1,7	1,1	15,6	-	-	-	86,0	-
3	Burkina Faso	22,4	27,6	-	-	112,3	2,3	-	-	3,1	2,3	28,0	-	-	-	87,5	-
4	Chad	6,4	7,6	-	-	24,9	0,9	-	-	-	2,1	25,2	-	-	-	95,5	-
5	Comoros	21,5	22,2	-	-	104,9	2,5	-	-	8,8	0,7	6,6	-	-	-	73,9	-
6	Guinea	7,9	12,6	-	-	58,5	1,6	-	-	-	2,0	21,1	-	6,2	10,2	42,0	15,7
7	Guinea-Bissau	12,7	15,8	-	-	58,1	2,5	-	-	3,6	1,1	9,4	-	-	-	74,8	-
8	Mali	21,5	25,3	-	-	141,8	5,0	-	-	3,3	1,6	14,3	-	-	-	93,1	-
9	Mozambique	25,0	37,4	-	-	-	3,7	-	-	6,5	2,1	16,0	-	2,3	9,5	66,9	16,9
10	Niger	13,5	15,7	-	-	41,3	1,5	-	-	3,1	2,3	21,5	-	-	-	109,6	-
11	Sierra Leone	4,8	10,5	-	-	-	-	-	-	11,7	1,9	13,6	-	22,4	13,6	36,9	30,1
12	Somalia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	The Gambia	14,6	40,2	-	-	-	9,2	-	-	14,6	2,1	20,3	-	-	-	34,0	-
14	Togo	31,6	41,9	-	-	168,8	4,6	-	-	3,5	0,9	24,4	-	-	-	84,9	-
15	Uganda	12,4	17,5	-	-	186,2	2,9	9,7	-	11,4	2,7	16,3	-	5,8	12,4	80,2	22,1

Source: The World Bank Database

Table 8: Selected Financial Data on LMIG-OIC Member States (2013)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Lower Middle Income Group (OIC-LMIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Bangladesh	39,4	55,5	-	0,9	513,4	8,0	34,1	-	1,9	1,2	15,1	-	8,6	6,0	84,9	10,8
2	Cameroon	13,9	17,2	-	-	58,8	1,9	-	-	-	3,1	40,7	-	10,3	3,6	87,4	7,9
3	Cote d'Ivoire	16,6	22,6	37,8	0,9	185,6	4,6	-	-	0,5	0,8	18,9	3,1	-	-	74,0	-
4	Djibouti	29,0	32,5	-	-	118,6	5,0	30,5	-	9,9	1,7	20,9	-	14,5	-	39,5	9,6
5	Egypt, Arab Rep.	26,2	64,4	20,8	5,2	372,6	4,6	6,0	-	4,6	1,2	15,0	21,4	9,3	7,1	45,2	13,7
6	Guyana	33,8	47,5	-	-	-	8,2	-	-	12,4	2,2	21,4	-	-	-	61,0	-
7	Indonesia	29,8	34,8	40,5	10,0	-	10,4	-	-	5,4	2,1	17,3	26,8	1,7	12,5	90,7	19,8
8	Kyrgyz Republic	13,6	15,3	-	-	252,3	7,8	29,2	-	19,5	3,6	23,6	-	5,5	16,9	94,1	25,0
9	Mauritania	-	-	-	-	95,8	6,6	-	-	-	0,9	5,0	-	20,4	18,7	-	32,4
10	Morocco	68,0	90,3	50,5	3,2	-	23,6	51,9	-	-	1,0	10,8	6,0	5,9	8,6	79,9	13,3
11	Nigeria	11,6	18,9	13,2	1,0	645,3	5,9	-	-	8,8	2,0	14,5	9,1	3,4	10,4	64,5	17,1
12	Pakistan	15,9	36,7	-	2,6	289,9	9,4	6,7	-	4,8	1,1	12,4	-	13,0	8,9	53,0	14,9
13	State of Palestine	23,8	34,5	25,2	2,0	581,8	10,3	6,0	-	-	1,7	15,2	7,7	-	-	43,4	-
14	Senegal	30,6	37,3	-	-	149,1	4,6	-	-	1,2	1,3	12,7	-	19,1	9,4	94,9	15,9
15	Sudan	9,9	13,6	-	-	-	3,0	-	-	-	1,4	10,0	-	-	-	71,8	-
16	Syrian Arab Republic	-	-	-	-	220,2	4,6	-	-	-	1,2	10,5	-	-	-	-	-
17	Tajikistan	13,8	15,9	-	-	702,0	6,5	14,6	-	17,8	1,0	5,6	-	13,2	19,3	139,0	22,9
18	Uzbekistan	-	-	-	-	897,2	37,9	26,4	-	-	1,2	13,0	-	0,4	11,2	-	24,3
19	Yemen	5,6	20,2	-	-	112,4	1,7	4,7	-	6,8	1,6	17,2	-	21,7	8,0	21,5	26,4

Source: The World Bank Database

Table 9: Selected Financial Data on UMIG-OIC Member States (2013)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Upper Middle Income Group (OIC-UMIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Albania	38,2	63,4	-	-	-	23,3	28,2	-	5,7	0,5	3,9	-	23,5	9,3	54,8	17,9
2	Algeria	15,1	37,6	-	-	331,8	5,2	-	-	6,3	1,3	11,7	-	10,6	7,5	36,0	21,5
3	Azerbaijan	21,8	24,8	-	-	538,3	10,1	15,9	-	8,3	1,6	12,7	-	4,5	16,8	158,6	18,1
4	Gabon	12,9	17,0	-	-	228,9	10,4	-	-	-	2,4	17,0	-	2,7	9,2	68,3	12,3
5	Iran, Islamic Rep.	48,0	54,6	38,1	5,2	-	27,4	-	-	-	-	-	22,7	-	-	93,8	-
6	Iraq	6,9	13,7	-	1,0	-	5,3	-	-	-	4,2	16,5	-	-	-	32,1	-
7	Jordan	69,6	110,3	78,4	9,1	-	18,4	16,7	-	4,2	1,5	9,5	13,0	7,0	12,9	75,8	18,4
8	Kazakhstan	34,7	39,4	10,9	0,4	-	3,3	19,2	-	-	0,6	10,3	2,7	19,5	13,2	129,4	17,8
9	Lebanon	83,6	156,2	-	0,6	698,4	25,9	57,3	-	1,5	1,0	11,2	-	4,0	-	38,0	14,5
10	Libya	14,5	21,0	-	-	-	-	1,0	1,0	3,5	0,7	5,8	-	-	-	24,3	1,0
11	Malaysia	114,1	128,0	148,0	40,7	842,4	10,9	-	-	1,6	1,5	14,6	29,7	1,9	9,6	90,3	14,6
12	Maldives	33,9	48,2	-	-	1123,1	12,0	-	-	7,3	5,8	42,9	-	17,6	16,2	75,3	41,1
13	Suriname	25,6	28,3	-	-	-	12,4	-	-	4,9	1,4	19,6	-	-	1,0	57,8	1,0
14	Tunisia	70,4	75,4	-	1,8	831,7	18,2	53,6	-	-	-0,3	8,0	-	14,5	5,6	128,9	8,2
15	Turkey	57,7	74,7	30,4	43,5	974,1	19,6	40,2	-	-	1,5	13,0	149,7	2,6	11,0	114,5	15,3
16	Turkmenistan	-	-	-	-	-	-	-	-	-	0,9	23,4	-	-	8,7	-	19,3

Source: The World Bank Database

Table 10: Selected Financial Data on HIG-OIC Member States (2013)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	High-Income Group (OIC-HIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Bahrain	67,3	89,8	-	1,4	-	-	-	-	4,9	1,5	11,1	-	5,6	11,8	99,0	18,5
2	Brunei Darussalam	30,1	33,5	-	-	1501,8	22,4	-	1,0	5,2	1,6	15,6	-	4,5	11,6	51,9	20,4
3	Kuwait	57,1	60,3	-	17,6	1131,7	15,2	-	-	2,5	1,0	7,7	-	3,6	12,2	95,0	18,9
4	Oman	42,2	49,8	42,3	5,3	-	16,7	-	-	3,0	1,7	13,0	17,2	2,0	13,5	122,7	16,2
5	Qatar	37,6	86,6	76,2	10,1	705,4	13,1	-	-	3,7	2,2	15,7	13,6	1,9	-	66,1	16,0
6	Saudi Arabia	38,1	46,9	56,4	58,9	752,6	8,4	-	-	-	2,0	14,8	86,3	1,3	13,6	132,1	17,9
7	United Arab Emirates	59,5	81,4	36,2	5,1	-	12,6	-	-	-	1,8	13,1	15,3	7,3	15,2	92,9	19,3

Source: The World Bank Database

Table 11: Selected Financial Data on LIG-OIC Member States (2014)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Low-Income Group (OIC-LIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Afghanistan	3,9	3,9	-	-	179,8	2,4	5,1	3,6	-	0,6	7,7	-	-	-	22,6	-
2	Benin	22,4	29,9	-	-	155,4	3,3	-	7,1	1,8	1,0	14,0	-	-	-	81,3	-
3	Burkina Faso	26,1	32,5	-	-	126,6	-	-	8,7	2,7	1,9	23,1	-	-	-	95,0	-
4	Chad	7,2	8,8	-	-	27,3	1,0	-	4,6	-	1,2	13,3	-	-	-	97,7	-
5	Comoros	23,4	24,2	-	-	118,2	2,8	-	-	8,8	-	-	-	-	-	78,6	-
6	Guinea	10,2	14,8	-	-	65,4	2,2	-	2,9	-	2,5	27,2	-	6,1	11,1	51,0	18,3
7	Guinea-Bissau	12,4	16,2	-	-	72,0	2,5	-	-	-	-	-	-	-	-	67,9	-
8	Mali	22,7	28,5	-	-	143,5	5,5	-	2,9	3,5	1,6	19,4	-	-	-	95,0	-
9	Mozambique	28,6	43,3	-	-	-	4,0	-	-	6,2	2,1	16,6	-	3,2	9,6	70,8	15,1
10	Niger	13,3	16,1	-	-	50,8	1,5	-	2,0	4,4	2,2	20,7	-	-	-	101,3	-
11	Sierra Leone	4,4	11,3	-	-	-	-	-	10,9	12,8	1,7	12,0	-	33,4	12,0	31,8	30,2
12	Somalia	-	-	-	-	-	-	-	2,8	-	-	-	-	-	-	-	-
13	The Gambia	13,1	39,4	-	-	-	9,0	-	-	12,0	3,4	34,6	-	-	-	30,3	-
14	Togo	32,2	43,8	-	-	249,5	4,9	-	6,7	3,0	1,0	14,0	-	-	-	84,3	-
15	Uganda	12,4	17,9	-	-	196,9	3,0	-	16,8	10,7	2,7	16,8	-	4,0	13,0	78,4	22,2

Source: The World Bank Database

Table 12: Selected Financial Data on LMIG-OIC Member States (2014)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Lower Middle Income Group (OIC-LMIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Bangladesh	40,1	58,0	-	0,4	522,8	8,2	-	7,5	3,2	1,1	13,2	-	9,4	5,9	83,8	10,9
2	Cameroon	14,5	18,0	-	-	65,6	2,0	-	7,7	-	1,0	13,3	-	9,7	3,3	87,3	10,6
3	Cote d'Ivoire	18,5	25,5	34,4	1,1	202,8	4,7	-	8,9	1,1	1,8	24,1	3,4	-	-	77,3	-
4	Djibouti	29,8	33,3	-	-	130,2	5,6	-	-	11,5	0,8	10,0	-	18,0	-	41,6	10,7
5	Egypt, Arab Rep.	24,9	65,8	21,3	6,3	358,3	4,6	-	4,1	4,8	1,6	19,1	41,2	8,5	6,5	42,0	13,9
6	Guyana	36,6	48,7	-	-	-	8,4	-	-	11,8	2,6	22,5	-	-	-	66,0	-
7	Indonesia	30,6	35,7	40,2	9,9	-	17,9	-	26,6	3,9	2,2	17,4	25,3	2,1	12,8	93,4	18,7
8	Kyrgyz Republic	17,2	18,7	-	-	327,4	7,9	-	4,9	19,7	2,9	20,0	-	4,5	16,2	105,3	21,8
9	Mauritania	-	-	-	-	111,7	6,9	32,8	10,6	-	0,3	1,9	-	23,9	14,7	-	28,1
10	Morocco	67,0	90,1	48,3	2,9	-	24,1	-	-	-	1,1	11,2	5,7	6,9	8,9	77,3	13,8
11	Nigeria	12,9	18,3	12,7	1,0	647,9	5,6	11,4	27,1	7,2	2,1	15,3	7,1	3,0	10,4	72,0	17,2
12	Pakistan	15,4	37,2	-	0,2	304,1	9,7	-	3,3	-	1,5	16,5	-	12,3	10,0	51,0	17,1
13	State of Palestine	30,1	41,2	25,3	2,3	573,4	10,8	-	5,1	-	1,6	14,4	11,0	-	-	45,6	-
14	Senegal	31,7	38,7	-	-	163,4	4,6	22,6	6,6	0,8	-0,6	-6,8	-	20,8	9,0	94,1	16,0
15	Sudan	7,5	10,5	-	-	-	3,1	4,6	7,5	-	-	-	-	-	-	71,5	-
16	Syrian Arab Republic	-	-	-	-	-	-	-	-	-	3,2	20,6	-	-	-	-	-
17	Tajikistan	17,4	19,5	-	-	-	-	-	1,5	19,0	-9,8	5,7	-	20,4	13,8	169,9	16,6
18	Uzbekistan	-	-	-	-	887,5	37,6	-	1,8	-	1,4	14,4	-	0,4	11,7	-	23,8
19	Yemen	-	-	-	-	116,1	1,6	-	0,9	-	1,9	22,0	-	24,7	8,4	-	24,3

Source: The World Bank Database

Table 13: Selected Financial Data on UMIG-OIC Member States (2014)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Upper Middle Income Group (OIC-UMIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Albania	37,2	63,0	-	-	-	22,0	-	7,5	6,7	0,7	5,7	-	22,8	9,0	53,6	16,8
2	Algeria	17,1	42,4	-	-	-	5,2	-	13,8	6,3	1,2	11,2	-	9,2	7,8	37,5	16,0
3	Azerbaijan	27,6	29,6	-	-	619,9	10,7	-	5,3	8,7	1,3	9,8	-	4,4	17,0	169,7	19,2
4	Gabon	14,5	19,4	-	-	-	-	-	18,0	-	1,3	9,8	-	4,1	9,1	75,4	9,4
5	Iran, Islamic Rep.	48,5	55,8	43,8	6,5	-	27,3	-	21,6	-	-	-	12,5	-	-	87,1	-
6	Iraq	6,6	13,3	-	2,0	-	5,2	-	3,5	-	2,3	7,1	-	-	-	32,0	-
7	Jordan	69,2	111,6	71,9	9,1	-	18,3	-	24,6	4,5	1,6	10,3	12,0	5,6	12,5	73,9	18,4
8	Kazakhstan	33,0	37,3	10,3	0,3	-	3,4	-	8,1	-	1,4	12,4	3,8	12,4	13,7	123,4	17,9
9	Lebanon	96,1	179,1	-	0,9	669,7	25,2	-	17,5	1,4	2,6	28,8	-	4,0	-	39,2	14,9
10	Libya	-	-	-	-	-	-	2,0	2,0	3,5	0,2	2,0	-	-	-	-	2,0
11	Malaysia	115,5	130,4	139,4	41,4	832,9	10,8	-	33,8	1,5	1,1	12,2	30,3	1,7	10,0	92,8	15,4
12	Maldives	31,2	45,3	-	-	1402,1	12,1	-	-	7,3	3,7	25,6	-	17,5	21,4	65,6	44,5
13	Suriname	28,9	33,7	-	-	-	12,5	-	-	4,9	1,4	18,3	-	-	2,0	59,3	2,0
14	Tunisia	70,8	76,7	-	1,4	853,2	19,3	-	10,3	-	1,1	13,4	-	13,8	6,2	130,8	9,4
15	Turkey	65,5	81,3	24,7	44,2	963,5	19,5	-	9,1	-	1,4	12,9	187,4	2,7	11,6	124,3	16,3
16	Turkmenistan	-	-	-	-	-	-	-	0,7	-	0,9	23,0	-	-	9,2	-	18,0

Source: The World Bank Database

Table 14: Selected Financial Data on HIG-OIC Member States (2014)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	High-Income Group (OIC-HIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Bahrain	65,1	91,3	65,4	2,0	-	-	-	34,7	4,9	1,3	10,0	3,3	4,6	12,2	92,2	18,3
2	Brunei Darussalam	32,4	36,5	-	-	1582,1	19,7	-	2,0	5,2	1,9	18,2	-	3,9	11,8	52,7	21,4
3	Kuwait	65,5	68,8	-	-	1160,0	15,2	-	25,5	2,2	1,1	9,0	-	2,9	11,1	95,4	16,9
4	Oman	44,0	52,0	46,0	7,1	-	14,5	-	-	3,1	1,6	12,3	15,6	1,9	13,1	121,2	15,4
5	Qatar	42,6	90,3	82,7	18,3	711,4	15,3	-	-	3,6	2,0	15,5	32,1	1,7	-	67,5	16,3
6	Saudi Arabia	42,2	52,7	63,1	61,6	835,8	8,8	-	15,5	-	2,1	15,5	119,3	1,1	13,8	129,0	17,9
7	United Arab Emirates	62,0	86,6	47,5	20,3	-	12,1	-	32,1	-	2,1	15,3	75,0	5,6	12,3	87,1	18,1

Source: The World Bank Database

Table 15: Selected Financial Data on LIG-OIC Member States (2015)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Low-Income Group (OIC-LIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Afghanistan	3,7	3,7	-	-	188,7	2,3	-		-	0,1	1,6	-	-	-	21,9	-
2	Benin	21,5	30,7	-	-	167,8	3,3	-		2,4	1,5	19,9	-	-	-	73,1	-
3	Burkina Faso	28,9	36,7	-	-	137,9	2,7	-		3,7	1,5	20,0	-	-	-	93,9	-
4	Chad	10,0	12,3	-	-	30,5	1,0	-		-	-	-	-	-	-	108,4	-
5	Comoros	24,8	25,6	-	-	114,6	2,8	-		8,8	-	-	-	-	-	81,3	-
6	Guinea	12,7	17,4	-	-	70,5	2,4	-		-	0,4	6,0	-	6,1	10,6	57,9	16,5
7	Guinea-Bissau	10,7	18,4	-	-	89,5	2,5	-		5,3	-	-	-	-	-	59,8	-
8	Mali	-	-	-	-	141,9	5,7	-		3,2	1,0	14,7	-	-	-	-	-
9	Mozambique	30,9	46,6	-	-	-	4,1	-		6,3	1,9	14,4	-	4,3	9,3	69,8	17,1
10	Niger	14,4	18,9	-	-	48,9	1,5	-		2,9	3,4	27,9	-	-	-	101,0	-
11	Sierra Leone	5,0	14,3	-	-	-	-	-		14,2	2,8	18,5	-	31,7	12,3	28,6	34,0
12	Somalia	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
13	The Gambia	-	-	-	-	-	9,1	-		-	3,7	33,8	-	-	-	-	-
14	Togo	33,8	46,2	-	-	253,5	5,0	-		2,1	-0,6	-9,0	-	-	-	82,9	-
15	Uganda	12,6	17,8	-	-	206,3	3,0	-		9,8	1,9	11,4	-	5,1	13,0	79,7	21,0

Source: The World Bank Database

Table 16: Selected Financial Data on LMIG-OIC Member States (2015)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Lower Middle Income Group (OIC-LMIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Bangladesh	41,0	59,4	-	-	565,3	8,4	-	-	3,5	0,9	10,5	-	8,4	5,4	85,1	10,6
2	Cameroon	15,5	19,0	-	-	-	-	-	-	-	0,9	13,4	-	10,5	8,7	90,6	10,2
3	Cote d'Ivoire	20,8	28,7	35,1	1,4	199,8	4,8	-	-	1,3	1,3	19,0	4,7	-	-	80,9	-
4	Djibouti	29,5	33,8	-	-	132,6	6,4	-	-	10,6	1,2	16,3	-	22,1	-	39,7	12,5
5	Egypt, Arab Rep.	24,7	69,6	18,7	6,2	369,5	4,7	-	-	4,7	1,7	21,2	23,8	7,2	-	40,6	13,2
6	Guyana	34,6	44,7	-	-	-	8,4	-	-	11,7	1,8	14,0	-	-	-	68,1	-
7	Indonesia	31,5	37,0	42,0	9,0	-	17,8	27,4	-	4,3	1,7	13,2	20,7	2,4	13,6	93,5	21,3
8	Kyrgyz Republic	21,2	22,5	-	-	474,3	8,3	-	-	21,6	1,8	12,8	-	7,1	15,6	111,0	22,4
9	Mauritania	-	-	-	-	130,3	7,3	-	-	-	0,7	4,3	-	27,6	13,7	-	23,1
10	Morocco	64,3	86,4	45,5	2,8	-	24,6	-	-	-	1,0	9,8	6,4	-	-	73,9	-
11	Nigeria	14,0	19,0	10,6	0,9	661,9	4,9	-	-	7,7	1,4	9,9	8,0	5,3	11,7	79,4	16,1
12	Pakistan	14,9	39,9	-	-	336,1	10,0	-	-	-	1,5	15,6	-	11,4	8,4	49,6	17,3
13	State of Palestine	33,1	43,7	24,7	2,5	551,0	11,0	-	-	-	1,4	12,9	10,2	-	-	49,7	-
14	Senegal	-	-	-	-	163,5	4,6	-	-	0,9	0,7	9,0	-	18,8	8,5	-	16,7
15	Sudan	6,7	9,9	-	-	-	3,2	-	-	-	-	-	-	-	-	66,7	-
16	Syrian Arab Republic	-	-	-	-	-	-	-	-	-	4,7	25,2	-	-	-	-	-
17	Tajikistan	19,9	22,5	-	-	-	-	-	-	21,6	-	7,9	-	19,1	12,9	175,1	16,1
18	Uzbekistan	-	-	-	-	886,6	37,2	-	-	-	1,5	15,3	-	0,4	11,3	-	23,6
19	Yemen	-	-	-	-	111,1	1,6	-	-	-	2,5	29,2	-	-	-	-	-

Source: The World Bank Database

Table 17: Selected Financial Data on UMIG-OIC Member States (2015)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	Upper Middle Income Group (OIC-UMIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Albania	36,2	61,2	-	-	-	21,9	-	-	7,3	0,1	0,9	-	18,2	9,7	52,5	15,7
2	Algeria	20,4	51,8	-	-	-	5,3	-	-	6,3	1,2	11,4	-	9,5	8,8	40,2	17,0
3	Azerbaijan	35,7	39,0	-	-	-	10,5	-	-	8,5	-3,0	-23,7	-	5,3	14,8	144,1	18,1
4	Gabon	15,0	20,7	-	-	-	-	-	-	-	0,8	6,8	-	7,5	11,5	74,5	7,8
5	Iran, Islamic Rep.	-	-	-	-	-	31,0	-	-	-	-	-	-	-	-	-	-
6	Iraq	8,8	20,1	-	3,0	-	4,9	-	-	-	0,6	1,6	-	-	-	35,2	-
7	Jordan	68,2	110,3	67,6	8,8	-	18,3	-	-	5,0	0,9	6,3	14,0	4,9	12,7	71,2	19,1
8	Kazakhstan	34,5	38,2	13,9	0,9	-	3,0	-	-	-	0,6	5,5	10,4	8,0	10,5	103,1	15,9
9	Lebanon	98,7	178,1	-	-	652,2	24,6	-	-	1,1	1,4	15,4	-	4,2	-	40,0	15,1
10	Libya	-	-	-	-	-	-	3,0	3,0	-	0,1	1,3	-	-	-	-	3,0
11	Malaysia	119,6	135,1	129,0	38,8	834,3	10,7	31,9	-	1,5	0,9	10,8	29,2	1,6	10,5	96,6	16,3
12	Maldives	30,3	46,0	-	-	1179,7	12,1	-	-	7,0	4,6	29,7	-	14,1	20,5	61,1	37,2
13	Suriname	29,7	34,9	-	-	1169,8	11,1	-	-	5,1	0,7	9,0	-	-	3,0	61,0	3,0
14	Tunisia	72,3	79,7	-	-	901,0	19,9	-	-	-	1,0	10,2	-	14,5	7,8	132,9	12,1
15	Turkey	58,0	70,7	25,7	45,3	1030,2	19,1	-	-	-	1,0	9,5	189,7	3,0	11,0	130,4	15,6
16	Turkmenistan	-	-	-	-	-	-	-	-	-	0,6	16,9	-	-	-	-	-

Source: The World Bank Database

Table 18: Selected Financial Data on HIGH-OIC Member States (2015)

	Categories	Financial Depth				Financial Access				Financial Efficiency				Financial Stability			
	High-Income Group (OIC-HIG)	Private credit by deposit money banks to GDP (%)	Deposit money banks' assets to GDP (%)	Stock market capitalization to GDP (%)	Stock market total value traded to GDP (%)	Bank accounts per 1,000 adults	Bank branches per 100,000 adults	Firms with a bank loan or line of credit (%)	Saved at a financial institution in the past year (% age 15+)	Bank lending-deposit spread	Bank return on assets (%, after tax)	Bank return on equity (%, after tax)	Stock market turnover ratio (%)	Bank nonperforming loans to gross loans (%)	Bank capital to total assets (%)	Bank credit to bank deposits (%)	Bank regulatory capital to risk-weighted assets (%)
1	Bahrain	70,2	101,3	66,7	1,6	-	-	-	-	4,2	1,2	9,5	1,4	4,4	13,5	88,6	18,7
2	Brunei Darussalam	40,2	45,6	-	-	1537,0	20,3	-	3,0	5,2	1,5	13,7	-	0,4	13,2	53,7	21,6
3	Kuwait	95,0	99,5	-	-	1210,1	14,8	-	-	2,3	1,1	9,1	-	2,8	11,1	99,6	16,9
4	Oman	59,8	72,1	56,4	6,7	-	13,6	-	-	2,8	1,5	12,1	9,0	1,8	13,4	124,8	16,2
5	Qatar	63,6	121,7	99,9	24,1	784,0	12,4	-	-	2,8	2,0	15,5	14,7	1,6	-	75,9	15,6
6	Saudi Arabia	54,2	66,3	70,0	77,8	961,9	8,9	-	-	-	2,0	14,6	96,6	1,2	13,7	133,6	18,1
7	United Arab Emirates	74,0	102,7	54,1	27,5	-	-	-	-	-	1,8	13,3	28,8	5,2	-	89,7	18,3

Source: The World Bank Database

DEFINITIONS OF SELECTED FINANCIAL BENCHMARKING DATA[42]

Financial Access	
Bank Accounts per 1,000 Adults	Depositors with commercial banks are the reported number of deposit account holders at commercial banks and other resident banks functioning as commercial banks that are resident nonfinancial corporations (public and private) and households. For many countries data cover the total number of deposit accounts due to lack of information on account holders. The major types of deposits are checking accounts, savings accounts, and time deposits. For each country calculated as: 1,000* reported number of depositors/adult population in the reporting country.
Bank Branches per 100,000 Adults	Commercial bank branches are retail locations of resident commercial banks and other resident banks that function as commercial banks that provide financial services to customers and are physically separated from the main office but not organized as legally separated subsidiaries. For each country calculated as: 100,000* reported number of commercial bank branches/adult population in the reporting country.
Firms with a bank loan or line of credit (%)	Percentage of firms in the formal sector with a line of credit or a loan from a formal financial institution, such as a bank, credit union, microfinance institution, or cooperative.
Saved at a financial institution in the past year (% age 15+)	The percentage of respondents who report saving or setting aside any money by using an account at a formal financial institution such as a bank, credit union, microfinance institution, or cooperative in the past 12 months (% age 15+).
Financial Depth	
Private credit by deposit money banks to GDP (%)	The financial resources provided to the private sector by domestic money banks as a share of GDP. Domestic money banks comprise commercial banks and other financial institutions that accept transferable deposits, such as demand deposits.
Deposit money banks' assets to GDP (%)	Total assets held by deposit money banks as a share of GDP. Assets include claims on domestic real nonfinancial sector which includes central, state and local governments, nonfinancial public enterprises and private sector. Deposit money banks comprise commercial banks and other financial institutions that accept transferable deposits, such as demand deposits.
Stock market capitalization to GDP (%)	Market capitalization (also known as market value) is the share price times the number of shares outstanding (including their several classes) for listed domestic companies. Total value of all listed shares in a stock market as a percentage of GDP.
Stock market total value traded to GDP (%)	Total value of all traded shares in a stock market exchange as a percentage of GDP.

[42] World Bank Global Financial Development Database

	Financial Efficiency
Bank lending-deposit spread	Difference between lending rate and deposit rate. Lending rate is the rate charged by banks on loans to the private sector and deposit interest rate is the rate offered by commercial banks on three-month deposits.
Bank return on assets (%, after tax)	Commercial banks' after-tax net income to yearly averaged equity.
Bank return on equity (%, after tax)	Commercial banks' after-tax net income to yearly averaged equity.
Stock market turnover ratio (%)	Total value of shares traded during the period divided by the average market capitalization for the period.
	Financial Stability
Bank non-performing loans to gross loans (%)	Ratio of defaulting loans (payments of interest and principal past due by 90 days or more) to total gross loans (total value of loan portfolio). The loan amount recorded as nonperforming includes the gross value of the loan as recorded on the balance sheet, not just the amount that is overdue.
Bank capital to total assets (%)	Ratio of bank capital and reserves to total assets. Capital and reserves include funds contributed by owners, retained earnings, general and special reserves, provisions, and valuation adjustments. Capital includes tier 1 capital (paid-up shares and common stock), which is a common feature in all countries' banking systems, and total regulatory capital, which includes several specified types of subordinated debt instruments that need not be repaid if the funds are required to maintain minimum capital levels (these comprise tier 2 and tier 3 capital). Total assets include all nonfinancial and financial assets.
Bank credit to bank deposits (%)	The financial resources provided to the private sector by domestic money banks as a share of total deposits. Domestic money banks comprise commercial banks and other financial institutions that accept transferable deposits, such as demand deposits. Total deposits include demand, time and saving deposits in deposit money banks.
Bank regulatory capital to risk-weighted assets (%)	The capital adequacy of deposit takers. It is a ratio of total regulatory capital to its assets held, weighted according to risk of those assets.

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