



Monetary and Banking Research Institute
Central Bank of the Islamic Republic of Iran

Islamic Banking System in Iran

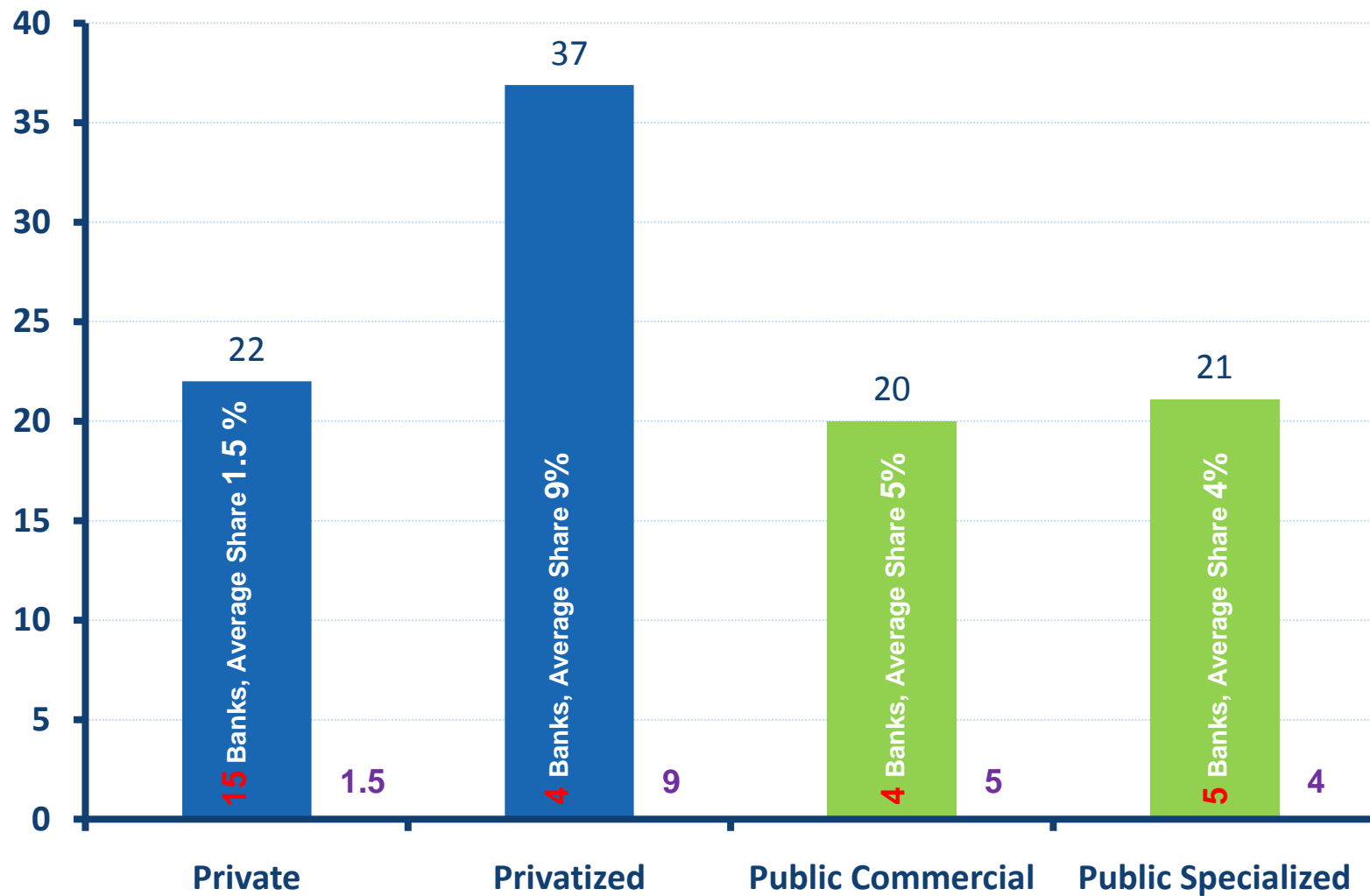
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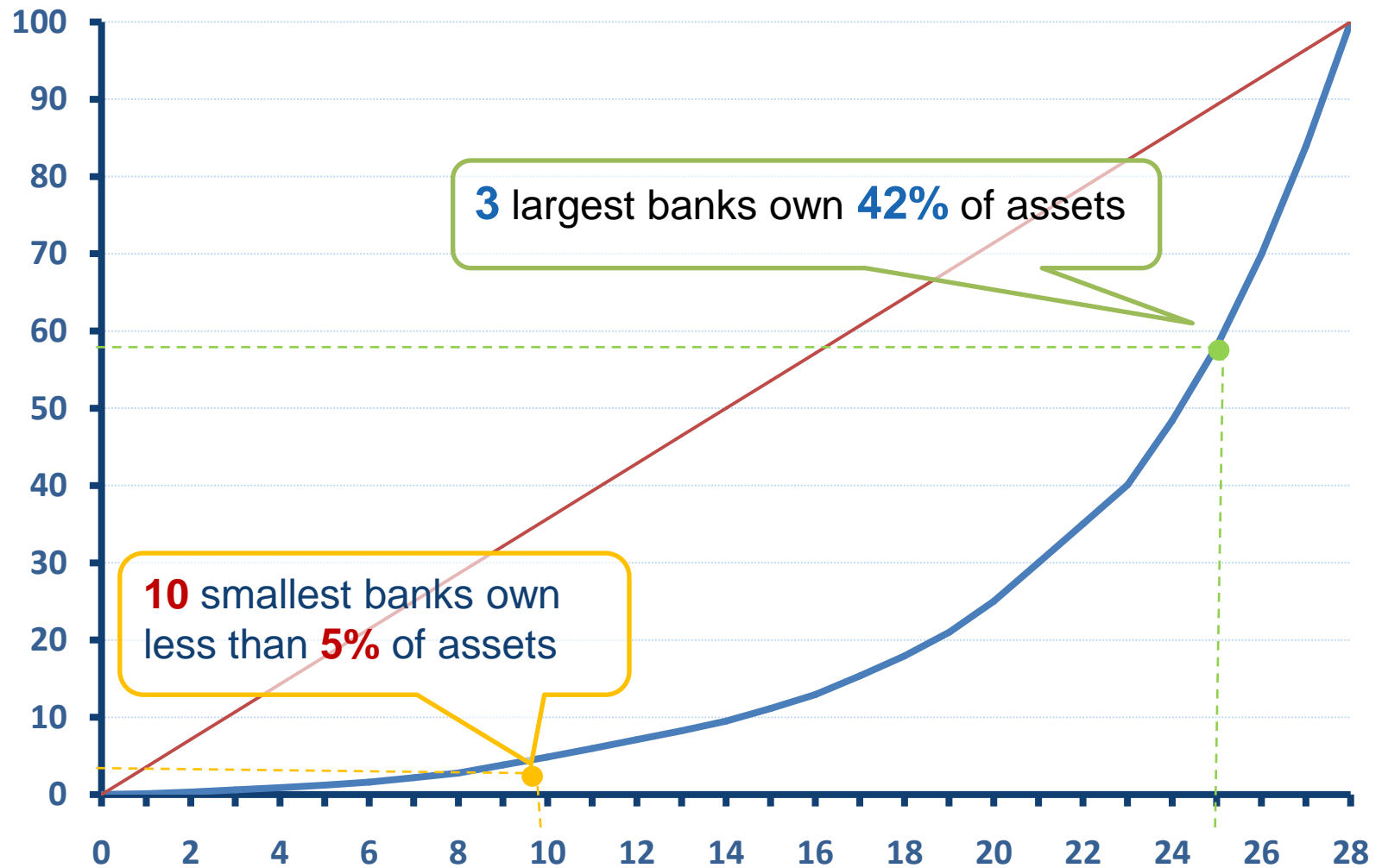


Asset Shares, 2012 (%)



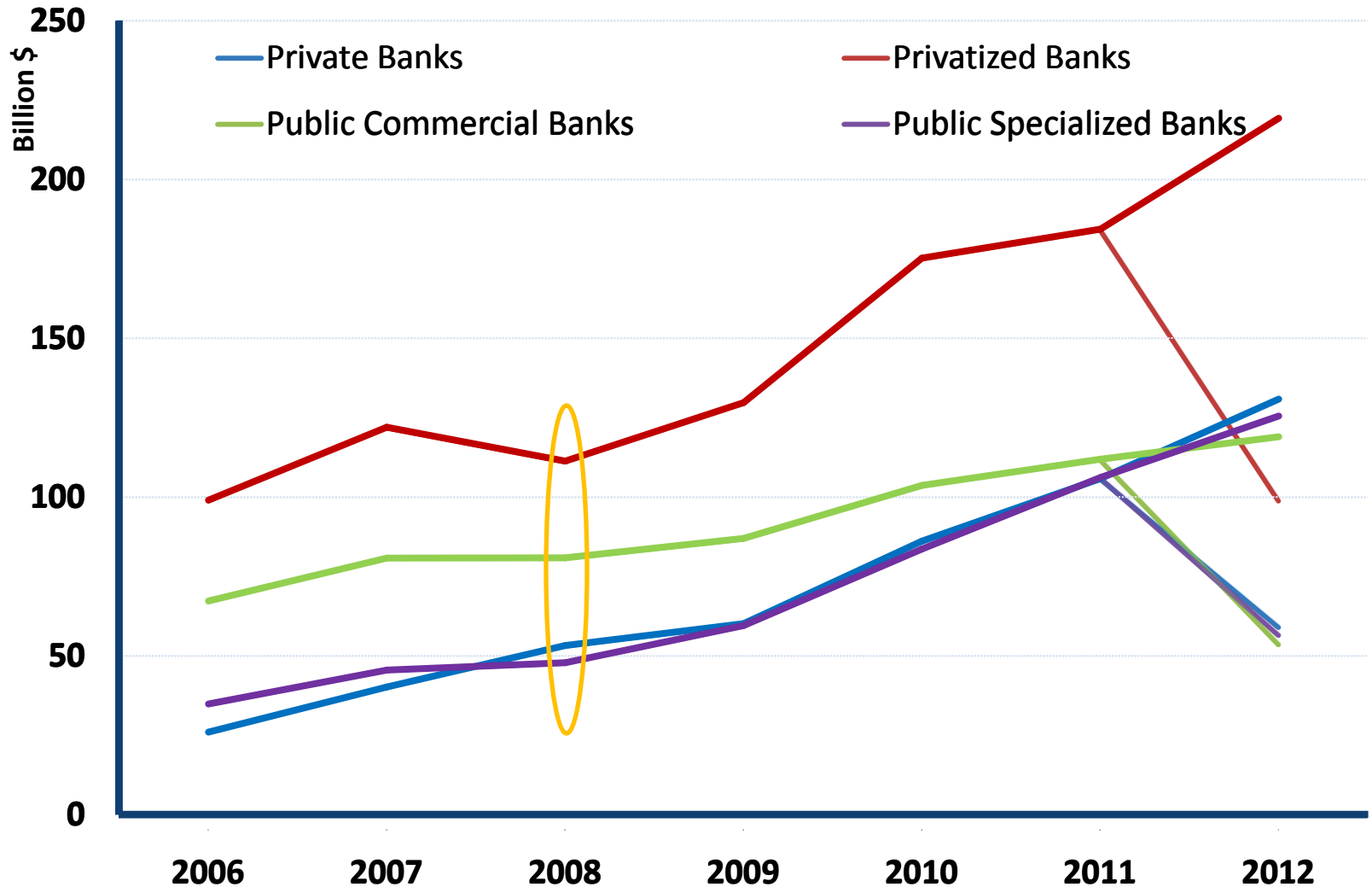


Cumulative Asset Shares, 2012 (%)





Total Assets, Billion \$





Assets, Deposits and Loans, Billion \$, %

Banking Group		2006	2007	2008	2009	2010	2011	2012	
								MR	OR
Assets (Billion \$)	Private	26	40	53	60	86	106	59	131
	Privatized	99	122	111	130	175	184	99	219
	Public Commercial	67	81	81	87	104	112	54	119
	Public Specialized	35	45	48	59	84	106	57	125
	All	227	288	293	336	448	508	268	594

Deposit (Growth Rate)	Private		51	27	18	34	36	-43	27
	Privatized		30	-14	21	42	10	-46	21
	Public Commercial		15	-2	19	16	11	-49	14
	Public Specialized		9	-2	29	27	2	-44	24
	All		26	-2	21	31	16	-45	21

Loan (Growth Rate)	Private		64	26	13	42	15	-50	10
	Privatized		27	-12	17	37	4	-49	12
	Public Commercial		29	-2	11	18	6	-56	-1
	Public Specialized		25	14	24	46	29	-49	14
	All		31	0	16	35	12	-51	9



Network, Profit and Return

# of Branches	2006	2007	2008	2009	2010	2011	2012	
Private	761	948	1118	1351	2374	3199	3786	19
Privatized	8373	8235	8169	7956	7825	7714	7688	33
Public Commercial	5386	5421	5619	5767	5897	5955	5955	30
Public Specialized	2886	2996	3070	3507	3604	3629	3636	18
All	17406	17600	17976	18581	19700	20497	21065	100

Deposit/Branch (Million \$)	2006	2007	2008	2009	2010	2011	2012	
							MR	OR
Private	32	38	41	40	31	31	15	33
Privatized	8	10	9	11	16	17	10	21
Public Commercial	9	10	9	11	13	14	7	16
Public Specialized	8	8	8	9	11	11	6	14
All	9	11	11	13	16	17	9	21

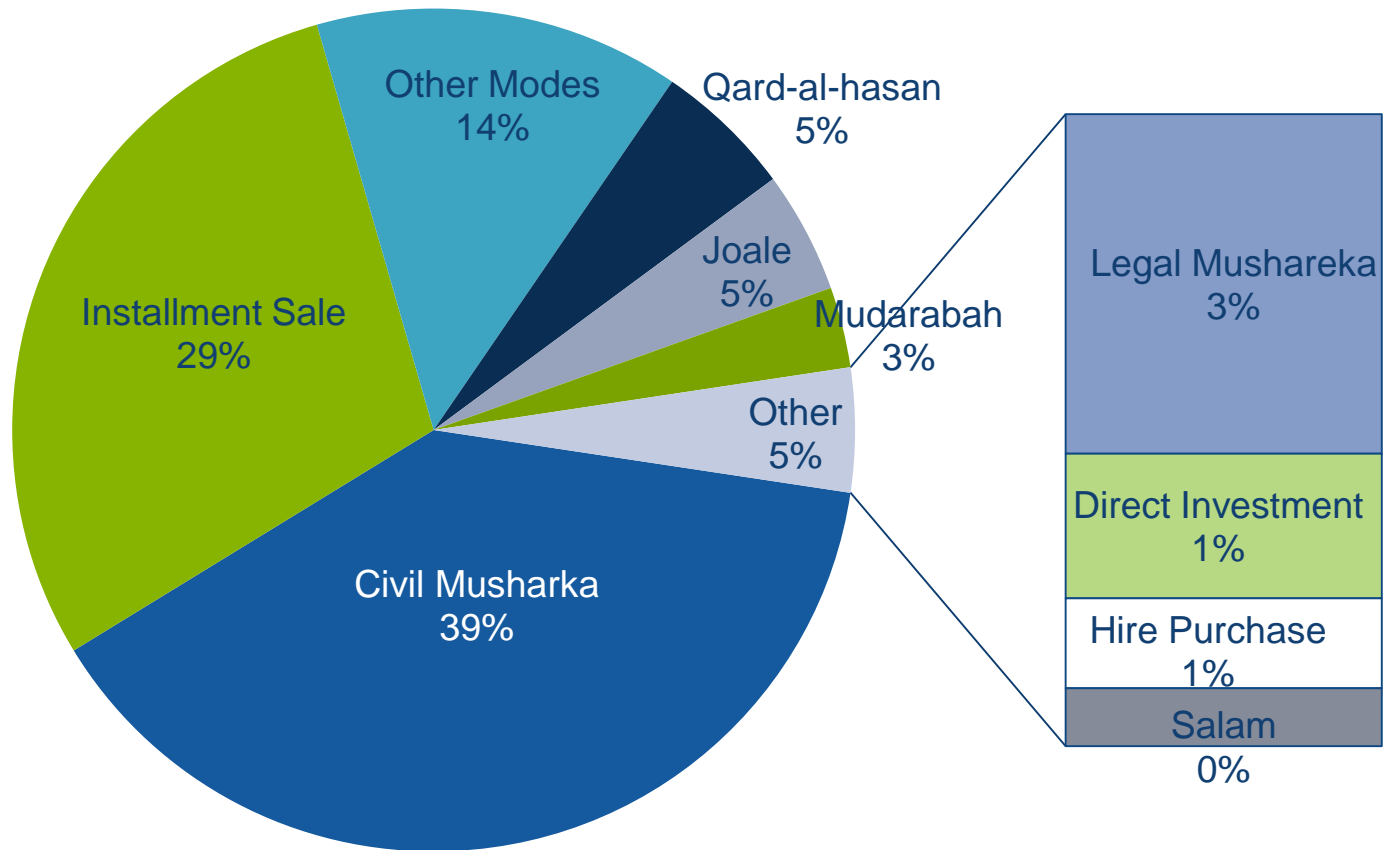


The Riba-free Banking Act

Modes of Mobilizations		Allocation of Funds	
Qard-al-hasan	Current Accounts	Qard-al-hasan	4
		Modarebah	
		Civil Partnership	
		Legal Partnership	
	Savings Accounts	Installment Sale	3
		Forward Dealings (Salam)	
		Hire Purchase (Leasing)	
Wakalah ccounts	Term Deposits	Muzaraah	5
		Musaqat	
		Joaalah	
		Debt-Purchase	
		Direct Investment	
Istisnae, Bai-ol-dain and Murabaha, available but not operational by 2012			15



Shares of Modes of Finance, 2012





Distinctions of Islamic Banking in Iran

1. A **Nationwide** system with no room for conventional banking
2. **An independent Act** that was ratified in 1983 and enforced ever since
3. Using **Wakalah** in mobilisation of resources including term investment deposits despite banks that use Modarebah and Wadiah
4. Limiting **Modarebah** to buying and selling of commodities
5. Using **Bai-al-dain** which is not common except in Malaysia
6. A sole **Shariah board** at the Central Bank serves all banks whereas outside Iran, each bank has its own board
7. Paying **Zakat** as part of banks' revenues is not common



Distinctions of Islamic Banking in Iran

8. About 6000 private **Qard-al-hasan funds** founded by benevolent Iranians offer across an extensive social network, small Riba-free loans to the needy people. Other Islamic countries lack this network.
9. **Sukuk** is used for monetary policy as well as financing public and private projects. Most other Islamic countries, however, use this instrument only for financing.
10. Term investment deposits are eligible to a **provisional profit** paid regularly. The final realized profit is paid to depositors at the end of the period. In case the actual profit exceeds the provisional profit, the balance is paid accordingly.
11. Islamic **accounting and auditing** standards are not commonly practised by Iranian banks whereas in most Islamic banks AAOIFI standards are being practised.



Islamic Banking System in Iran

Thank you for your attention



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