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Affordable Housing Finance in the IDB Member Countries: Challenges and Currently Practiced Modes of Islamic Housing Finance

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22 Jumada'2 1435H | April 22, 2014



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Islam2c Economics and Finance Research Division

IRTI Working Paper 1434-07

Title: Affordable Housing Finance in the IDB Member Countries: Challenges and Currently Practiced Modes of Islamic Housing Finance

Author(s): Nasim Shah Shirazi, Salman Syed Ali, Atiq-uz-Zafar

Abstract

Housing is one of the basic needs. It is linked with many other sectors of the economy. Promoting this sector consequently promotes employment, consumption and investment in the economy. A number of factors limit the supply of housing especially in the urban cities. Non-transparent ownership, vague property rights, weak legal and regulatory framework and ineffective foreclosures laws, ineffective land registration system, high transaction costs, and inadequate long term housing finance funds have been the major issues of the housing sector. Several Islamic modes of housing finance exist in the market. *Musharakah Mutanaqisah* (diminishing partnership or Diminishing Balance Partnership; DBP) is the most widely used mode of housing finance followed by *Ijarah* and *Murabahah* for completed properties. For property under construction, *Ijarah Mawsoofa Bi Dhimma* (IBMD) is the most widely used followed by DBP and *Istisna*. The paper suggests some possible solutions for removing some of the constraints on housing finance

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AFFORDABLE HOUSING FINANCE IN THE IDB MEMBER COUNTRIES: CHALLENGES AND CURRENTLY PRACTICED MODES OF ISLAMIC HOUSING FINANCE¹

Nasim Shah Shirazi, Salman Syed Ali

and

Atiq-uz-Zafar

Introduction

Housing is one of the basic needs. It is linked with many other sectors of the economy. Promoting this sector consequently promotes employment, consumption and investment in the economy. Housing accounts for 15-40 percent of the monthly expenditure of households worldwide and investment in housing represents 15-35 percent of aggregate investment. Housing construction and housing-related sectors constitute about 9 percent of the labour force worldwide².

The housing finance system, across the world and especially in the developing countries, is very complex. The system involves the transfer of property rights between the builders, sellers, agents, the house buyers and the financial institutions. The responsibility of each side must be clearly defined and protected. The house-buyers would like to get the title of the house with minimum transaction cost and time, while the financial institutions would like to ensure that finance provided would be recovered.

Housing sector faces a number of issues which constrain the supply of housing especially in the urban cities. Non-transparent ownership, vague property rights, weak legal and regulatory framework, ineffective land registration system, high transaction costs, and inadequate long term housing finance funds have been the major issues of the housing sector. Housing sector of the IDB member countries has been facing these

¹ Paper is based on part of our previous occasional paper (see Shirazi et al 2012)

² See Nenova, T (2010),

challenges, of course with different degrees, which ultimately affects the growth of the sector. These issues need to be reviewed in detail.

Some housing finance products have been used in the member countries and the Muslim communities in the non-member countries as well. However, there is a need to know the types of Islamic products which are in practice in these countries.

The IDB has been playing a very important role in providing assistance to member countries for housing finance. It has financed around US\$ 740.79 million. The Islamic Corporation for the Development of the Private Sector (ICD) of the IDB has been targeting the lower and middle income housing. ICD is supporting the sector by providing equity to developers for projects in this sector. The paper overviews the challenges of housing finance and the mode of Islamic finance currently practiced in these countries. The paper also highlights the role of IDB in housing finance.

After a brief introduction, the rest of the paper is organized as follows. Section 2 provides data and the methodology used in the paper. Section 3 discusses the challenges and issues of housing finance in the IDB member countries. Section 4 is devoted to an overview of the types of Islamic products currently used in the IDB member countries and the Muslim communities in the non-member countries. The role of IDB in housing finance is highlighted in section 5, while section 6 concludes the paper and gives suggestions for implementations.

2. Data and Methodology

The paper utilizes the secondary data and published material³. To obtain a comprehensive data on different Islamic housing finance solutions, institutions in nine markets worldwide were surveyed. Since there is no readily available Islamic housing finance database, an internet-based search-engine survey adopting a structured convenient sampling method was conducted. In total, 108 institutions in 27 countries were reviewed. The survey had a broad quota of five institutions per country. The sample was identified by searching for multiple key phrases⁴ related to Islamic housing finance

³ Material provided in some of the boxes in various chapters is heavily drawn from the source given in the reference in the respective box.

⁴ Islamic home finance, Shari[ah compliant housing finance, Islamic mortgage, Islamic banks etc

3. Sector Challenges and Issues of the Housing

There are many challenges and issues which ultimately cause shortage of housing supply especially in the urban cities. This paper offers a brief overview of the challenges facing by the housing sector in the IDB member countries.

3.1 Registration and Title Transfer of Property

Most housing lending depends on clearly defined and documented property rights; therefore, clear and transparent property rights are crucial to housing finance. In most of the member countries record keeping of property is vague, registration and title transfer is cumbersome and consequently increasing the time involved in transaction of property and the cost of transaction. The physical identification and demarcation of property is complicated in some of the countries due to the involvement of different government departments and the absence of co-ordination among them. The records are manually maintained which increases the probability of mistakes and the claim of third party on the property, which leads to corruption, increase the time involved in registering property and title transfer⁵. There is no unique and simple procedure for property registration and title transfer in all the countries, rather different procedures have been used for the registration purpose across the countries. This could be due to the practices of the registration system, going through endless red tape, the capacity of the concerned staff and the overall legal system of the country.

Table 1 depicts the cost and time involved to register a property in IDB member countries. The Table shows that title transfer is cumbersome in some of the countries, which takes longer time and number of procedures involved to register a property and transfer the title compared to other member countries. In Brunei, registering a property involves seven procedures and takes 298 days. Other countries like Togo (286 days), Afghanistan (250 days), Bangladesh (245 days), Senegal (122 days) and Benin (120 days) take longer time to register a property and involve large number (five to eight) of procedures. Uzbekistan, Nigeria and Algeria involve maximum number of procedures (14, 13 and 10 respectively) among the member countries to register a property. Majority of the member countries involve five to seven procedures in completing the title transfers, whereas U.A.E, Bahrain and Oman involve only two procedures respectively. U.A.E gets

⁵ No clear land registration law exists in Afghanistan; about 70 percent of residents live on unregistered property. (See Nenova, T., 2010).

rank four⁶ in the world and first in the member countries for easy transfer of title within 6 days and involving 2 procedures.

Low cost in addition to fewer procedures involved and speed to register a property are crucial for an efficient system of title transfer and for the development of the housing sector. In Saudi Arabia, no cost is involved in title of property transfer. Cost to register a property and title transfer in some countries, like Kazakhstan (0.1%), Qatar and Kyrgyz Republic (0.3 % each), Azerbaijan (0.5 %) and Kuwait (0.5%) is very low compared to other member countries like Syria (27.8%), Nigeria (20.8 %), Senegal (15.23 %), Cameroon (19.1 %) and Chad (15.4 %). In few countries, title transfer is below five percent of the value of the property and in most of other cases it is in the range of seven to ten percent of the value of property (Table 1). Rationalization of the cost of title transfer may be taken seriously by the member countries for the overall development of the housing sector.

Table 1: Time and Cost to Register Property

Country	Registering property (rank)	Procedures (number)	Time (days)	Cost (% of property value)
Afghanistan	175	9	250	5
Albania	119	6	33	11.1
Algeria	176	10	63	7.1
Azerbaijan	13	4	11.0	0.5
Bahrain	32	2	31	2.7
Bangladesh	177	8	245	6.7
Benin	137	4	120	11.7
Brunei	116	7	298	0.6
Burkina Faso	123	4	67	12.3
Cameroon	159	5	86.0	19.1

⁶ The ranking on the ease of registering property is the simple average of the percentile rankings on its component indicators. Doing Business (2014) used three indicators, for ranking countries on the ease of registering property, which include i. days to transfer property in main city, ii. cost as percentage of property value, no bribes included and, iii. steps to check encumbrances, obtain clearance certificates, prepare deed and transfer title so that the property can be occupied, sold or used as collateral.

Chad	146	6	44	15.4
Comoros	79	4	30	10.5
Cote d'Ivoire	127	6	42	10.8
Djibouti	133	6	39	12.8
Egypt	105	8	63	0.7
Gabon	166	6	103	10.5
Gambia	117	5	66.0	7.7
Guinea	140	6	59	9.1
Guinea-Bissau	170	8	51	10.6
Guyana	111	6	75	4.6
Indonesia	101	6	22	10.9
Iran	168	9	36	10.6
Iraq	108	5	51	8.2
Jordan	104	7	21	7.5
Kazakhstan	18	4	23	0.1
Kuwait	90	8	47	0.5
Kyrgyz Republic	9	4	6	0.3
Lebanon	112	8	25	5.9
Libya	-	-	-	-
Malaysia	35	5	14.0	3.3
Maldives	161	6	57	16.2
Mali	99	5	29	12
Mauritania	67	4	49	4.7
Morocco	156	8	60	5.9
Mozambique	152	8	39	7.7
Niger	80	4	35	9
Nigeria	185	13	77	20.8
Oman	21	2	16	3.0

Pakistan	125	6	50	7.7
Qatar	43	7	13	0.3
Saudi Arabia	14	5	8	0.0
Senegal	174	6	122	15.2
Sierra Leone	170	7	67	10.9
Sudan	41	6	9	2.8
Suriname	173	6	107	13.7
Syria	82	4	19	27.8
Tajikistan	78	6	37	4.1
Togo	159	5	286	11.4
Tunisia	72	4	39	6.1
Turkey	50	6	6	4
Turkmenistan	-	-	-	-
U.A.E	4	2	6	0.4
Uganda	126	11	47	2.6
Uzbekistan	136	14	77	0.6
Yemen	61	6	19	3.8

Source: Doing Business, 2014, available at <http://www.doingbusiness.org>

A serious attention is also to be paid by the member countries to reduce the number of steps in the registration process and make it simple.

Apparently, it seems that more the number of procedures involved in registering property the more the number of days will be taken and subsequently higher will be the cost related to the transaction. However, the data does not support this proposition. There is a weak correlation (0.22) between the number of procedures and the time (number of days) taken in transferring title to property. Similarly, no correlation (0.017) is found between number of procedures and the cost of registering & transferring property, and no correlation (0.095) between time (number of days) and the cost of title transfer.

Table 2 shows change in indicators. 13 countries made improvement in registering a property in 2014 compared to 2011, 34 countries ranking deteriorated while 6 countries registered no change over the same period. Interestingly 46 countries did not take any step to reduce the number of procedures involved in title transfer. Only 3 countries namely Uganda, Gabon and Djibouti reduced the number of procedures involved in registering property. 4 countries including Egypt, Saudi Arabia, U.A.E and Uzbekistan experienced increase in number of procedures involved in registering property. Despite the fact that Egypt and Uzbekistan increased the number of procedures but reduced the number of days taking in registering and transferring of title to property.

15 countries have made improvement and take less time (number of days) in registering a property. Guinea-Bissau, Malaysia and Suriname performed very well in reducing time taking in title transfer. 32 countries kept the status quo while 6 countries experienced further deterioration in time required to register property and title transfer. However, 24 countries were able to reduce the cost of transferring property, 21 countries did do anything while 8 countries increased the cost of property transfer during 2011-2014.

Table 2: Change in indicators

Country	Registering property (rank)		Status	Procedures (number)		Status	Time (days)		Status	Cost (% of property value)		Status
	2011	2014		2011	2014		2011	2014		2011	2014	
Afghanistan	172	175	X	9	9	*	250	250	*	5	5	*
Albania	118	119	X	6	6	*	33	33	*	11.9	11.1	v
Algeria	167	176	X	10	10	*	48	63	X	7.1	7.1	*
Azerbaijan	9	13	X	4	4	*	11	11.0	*	0.2	0.5	X
Bahrain	30	32	X	2	2	*	31	31	*	2.7	2.7	*
Bangladesh	173	177	X	8	8	*	245	245	*	6.6	6.7	X
Benin	130	137	X	4	4	*	120	120	*	11.8	11.7	v
Brunei	107	116	X	7	7	*	298	298	*	0.6	0.6	*
Burkina Faso	111	123	X	4	4	*	59	67	X	12.8	12.3	v

Cameroon	154	159	X	5	5	*	93	86.0	√	19.2	19.1	√
Chad	143	146	X	6	6	*	44	44	*	18.1	15.4	√
Comoros	74	79	X	4	4	*	30	30	*	10.5	10.5	*
Cote d'Ivoire	158	127	√	6	6	*	62	42	√	13.9	10.8	√
Djibouti	148	133	√	7	6	√	40	39	√	13	12.8	√
Egypt	93	105	X	7	8	X	72	63	√	0.8	0.7	√
Gabon	134	166	X	7	6	√	39	103	X	10.5	10.5	*
Gambia	119	117	√	5	5	*	66	66.0	*	7.7	7.7	*
Guinea	152	140	√	6	6	*	59	59	*	14.4	9.1	√
Guinea-Bissau	179	170	√	8	8	*	210	51	√	10.6	10.6	*
Guyana	104	111	X	6	6	*	75	75	*	4.6	4.6	*
Indonesia	99	101	X	6	6	*	22	22	*	10.8	10.9	X
Iran	163	168	X	9	9	*	36	36	*	10.5	10.6	X
Iraq	98	108	X	5	5	*	51	51	*	6.9	8.2	X
Jordan	101	104	X	7	7	*	21	21	*	7.5	7.5	*
Kazakhstan	29	18	√	4	4	*	40	23	√	0.1	0.1	*
Kuwait	88	90	X	8	8	*	47	47	*	0.5	0.5	*
Kyrgyz Republic	17	9	√	4	4	*	5	6	X	2.2	0.3	√
Lebanon	105	112	X	8	8	*	25	25	*	5.8	5.9	X
Libya	--	-		--	-	--	--	-		--	-	
Malaysia	59	35	√	5	5	*	48	14.0	√	3.3	3.3	*
Maldives	152	161	X	6	6	*	57	57	*	16.7	16.2	√
Mali	91	99	X	5	5	*	29	29	*	12.1	12	√
Mauritania	59	67	X	4	4	*	49	49	*	4.7	4.7	*
Morocco	144	156	X	8	8	*	75	60	√	4.9	5.9	X
Mozambique	156	152	√	8	8	*	42	39	√	8.7	7.7	√
Niger	86	80	√	4	4	*	35	35	*	11	9	√
Nigeria	180	185	X	13	13	*	82	77	√	20.8	20.8	*
Oman	21	21	*	2	2	*	16	16	*	3	3.0	*

Pakistan	125	125	*	6	6	*	50	50	*	7.7	7.7	*
Qatar	37	43	X	7	7	*	13	13	*	0.3	0.3	*
Saudi Arabia	1	14	X	2	5	X	2	8	X	0	0.0	*
Senegal	171	174	X	6	6	*	122	122	*	20.3	15.2	v
Sierra Leone	169	170	X	7	7	*	86	67	v	11.8	10.9	v
Sudan	41	41	*	6	6	*	9	9	*	3	2.8	v
Suriname	170	173	X	6	6	*	197	107	v	13.8	13.7	v
Syria	82	82	*	4	4	*	19	19	*	27.9	27.8	v
Tajikistan	90	78	v	6	6	*	37	37	*	5.3	4.1	v
Togo	162	159	v	5	5	*	295	286	v	13	11.4	v
Tunisia	65	72	X	4	4	*	39	39	*	6.1	6.1	*
Turkey	44	50	X	6	6	*	6	6	*	3.3	4	X
Turkmenistan	--	-		--	-		--	-		--	-	
U.A.E	6	4	v	1	2	X	2	6	X	2	0.4	v
Uganda	127	126	v	13	11	v	48	47	v	2.9	2.6	v
Uzbekistan	136	136	*	12	14	X	78	77	v	0.9	0.6	v
Yemen	55	61	X	6	6	*	19	19	*	3.8	3.8	*

Note: “*” indicates unchanged, “X” denotes deterioration, while “v” shows improvement.

Table 3 reports the mandatory notary index (MNI), registry inefficiency index (RII) and whether registry is manual or electronic in some of the member countries. The MNI indicates the involvement of notaries in registration, while RII measures speed, transparency, cost and accessibility. The value of the indices varies from zero to one. The higher value of MNI indicates higher level of mandatory participation by notaries and the higher value of RII shows greater inefficiency.

Table 3: Registering a mortgage and title transfer (mandatory notary index, registry inefficiency index)

Country	Mandatory Notary Index (0-1)	Registry Inefficiency Index (0-1)	Is registry Electronic
Albania	0.75	0.37	No
Algeria	1.00	0.37	No
Azerbaijan	0.50	0.32	Yes
Burkina Faso	1.00	0.38	No
Egypt	1.00	0.37	No
Kazakhstan	0.25	0.35	Yes
Lebanon	0.50	0.06	Yes
Mali	1.00	0.32	No
Nigeria	0.25	0.35	No
Pakistan	0.25	0.27	No
Tunisia	0.75	0.26	No
Turkey	0.25	0.56	No
Uganda	0.50	0.64	No
Uzbekistan	0.50	0.32	No

Source: World Bank (2008)

MNI is 0.1 in countries like Algeria, Burkina Faso, Egypt and Mali, which implies that the involvement of notaries in registration of property is compulsory. Except Albania and Tunisia, where MNI is 0.75, in all other countries value of MNI is low indicating a loose involvement of notaries in the registration process (Table .3). The involvement of notary not only delays the process of registration but is also costly. The system can be made simple by allowing the registration department to certify the documents rather than involving the notaries. This will cut the procedure involved in and the cost associated with it.

The inefficiency in the registration system is higher in Uganda (0.64) followed by Turkey (0.56). The most efficient country, in registering property, is Lebanon (0.06) compared to other countries given in the Table. For other countries, RII ranges from 0.26 to 0.37. Most of the countries have not computerised the registration of the property rather they complete the registration process manually. Manual registration has more chances of mistakes and it is very difficult to maintain many registers. The Table shows that except Azerbaijan, Kazakhstan and Lebanon all other countries register property manually. The electronic registration speeds up the process, brings efficiency in the system, is easy to maintain record and is easily accessible at any time. Therefore, there is a need to change the manual registration to electronic one in all such member countries that still depend on manual system.

3.2 Foreclosure on Property

Financial institutions need some information on borrowers for making good lending decisions. They also need to make sure to recover their balance through foreclosure on property in case the borrower defaults. For this purpose, in addition to the credit information on borrowers, efficient laws associated with foreclosure are required for the development of mortgage market. Normally the cost of lending is associated with the efficiency of the system. If the system is efficient and the foreclosure laws are fully implemented and the recovery is certain within a given time framework then the cost of lending is low, otherwise the cost of lending would increase with uncertainties.

Table 4 shows the time involved in foreclosure on property in some of the member countries. Time to foreclosure on property is measured in number of calendar days⁷. In practice, however, in some cases, more time is involved in the foreclosure on property. Three steps are involved in the foreclosure process i.e. time for notification of the borrower, time for judgement and time for enforcement for judgement.

⁷ See data notes World Bank, 2008.

On average, the foreclosure process takes on average of 260 days across the countries⁸. However, there are many variations in time involved for foreclosure. The foreclosure time in Kazakhstan is 55 days, which is the lowest in the World. Foreclosure on property in Tunisia takes the highest time (446 days), followed by Mali (406 days) and Uzbekistan (249 days) among the reported countries in the Table. The time for notification is not more than three months in all the cases except Mali (270 day). However, in practice the judgement and the enforcement process involve much time (Table 4).

Table 4: Foreclosing on a Property

Country	Time to foreclose on property (Days)	Time for notification (Days)	Time for judgment (Days)	Time for enforcement (Days)
Albania	209	23	54	132
Algeria	--	--	--	--
Azerbaijan	143	15	76	52
Burkina Faso	111	45	1	65
Egypt	190	90	0	100
Kazakhstan	55	34	0	21
Lebanon	225	96	66	63
Mali	406	270	30	106
Nigeria	112	91	0	21
Pakistan	131	58	0	73
Tunisia	446	1	311	134
Turkey	161	63	0	98
Uganda	235	64	0	171
Uzbekistan	249	35	127	87

Source: IFC, World Bank (2008), financing homes: comparing regulation in 42 countries.

⁸ See World Bank (2008).

The mortgage market is not fully developed in the member countries. However, it is progressing and improvement in the housing finance regulations is being introduced. In some countries,⁹ financial institutions are empowered to foreclose the mortgage property without recourse to court, which reduced the total foreclosure time. Financial institutions in countries including Egypt, Kazakhstan, Nigeria, Pakistan, Turkey and Uganda can foreclose on property without intervention of the courts (Table 4).

The cost associated with foreclosure also varies across the countries. The cost to foreclose in Uzbekistan is the highest (32.35% of property value), followed by Tunisia (19.22%), Azerbaijan (15.32%), Lebanon (14.52%) and Pakistan (12.33%). In other countries, it varies from 3.52% to 7.55%. These costs include stamp duties, court cost, bailiff fees, expert fees, lawyer fees, notary fees, auction fees, enforcement fees and others. However, not all these costs are applicable in all the countries. Some components of the costs are applicable in one country but not applicable in case of other country (Table 5). The stamp duty is very high (17.60%) in Uzbekistan, followed by Tunisia (5.28%), but low (0.01%) in Pakistan. Stamp duty is not applicable in all other reported countries (see Table 4). The other major component of the total cost, in some countries, is lawyer fees. It is 13.20% in Azerbaijan, Lebanon and Tunisia. In other countries, it varies from less than one percent to about five percent of the property value. In the foreclosure process, in most of the countries, public auction is required. This is to ensure transparency in the process for liquidating the property¹⁰. All countries given in.

⁹ In case of Pakistan foreclosure laws has been amended. Under section 15 (4) of the financial ordinance promulgated by the government of Pakistan on August 30, 2001, the financial institutions, after expiry of final notice, can sell the mortgage property or any part thereof toward total or partial satisfaction of the outstanding mortgage money, without intervention of any court. In doing so, neither the banking court nor the high court shall grant an injunction restraining the sale or proposed sale of mortgage property, unless courts are satisfied that no mortgage was created or the secured sum has been fully paid or the mortgagor has deposited cash in the banking court (see Government of Pakistan, National Housing Policy, 2001).

¹⁰ Private treaty for foreclosure reduces the cost of foreclosure, while public auction increases it. In a study of 42 sample countries, IFC found that foreclosure through public auction than to private treaty increases the cost of foreclosure by 6 percent (World Bank, 2008).

Table 5: Cost to Foreclosing on Property

Country	Cost to foreclose on a property (% of property value)	Court cost	Stamp duties	Bailiff fees	Expert fees	Lawyer fees	Notary fees	Auction fees	Country	Cost to foreclose on a property (% of property value)	Court cost
Albania	3.67	0.15	N.A	2.64	0.28	0.31	0.07	0.15	Albania	3.67	0.15
Algeria	..	..	..	..	..	..	..	..	Algeria	..	..
Azerbaijan	15.32	0.03	N.A	N.A	0.32	13.2	N.A	1.76	Azerbaijan	15.32	0.03
Burkina Faso	6.59	N.A	N.A	0.43	N.A	4.4	N.A	1.76	Burkina Faso	6.59	N.A
Egypt	4.26	2.2	N.A	N.A	0.23	1.39	N.A	0.44	Egypt	4.26	2.2
Kazakhstan	3.52	N.A	N.A	N.A	N.A	N.A	N.A	2.64	Kazakhstan	3.52	N.A
Lebanon	14.52	0.44	N.A	N.A	N.A	13.2	N.A	0.88	Lebanon	14.52	0.44
Mali	..	..	..	..	..	..	..	..	Mali	..	..
Nigeria	6.19	N.A	N.A	N.A	2.32	N.A	0.07	2.64	Nigeria	6.19	N.A
Pakistan	12.33	0.07	0.01	1.2	N.A	4.85	N.A	1.32	Pakistan	12.33	0.07
Tunisia	19.22	N.A	5.28	0.2	0.42	13.2	N.A	N.A	Tunisia	19.22	N.A
Turkey	7.55	N.A	N.A	0.44	0.22	3.52	0.01	0.04	Turkey	7.55	N.A
Uganda	5.28	N.A	N.A	N.A	0.44	N.A	N.A	0.44	Uganda	5.28	N.A
Uzbekistan	32.35	8.8	17.6	N.A	1.4	1.57	N.A	0.88	Uzbekistan	32.35	8.8

Source: IFC, World Bank (2008) Financing homes: comparing regulation in 42 countries. Note: N.A: Not applicable,.: not available

the table require public auction for foreclosure on the property Except Azerbaijan, Burkina Faso, Nigeria and Uzbekistan.

3.3 Credit Information

The non-availability of credit information is another constraint on the housing finance. Lenders are interested to get information regarding the creditworthiness of their borrowers or prospective borrowers in order to determine the risk associated with lending. Similarly, borrowers are also interested to know about housing finance and associated terms and conditions. Such information is helpful for the development of the housing market. For this purpose, most of the member countries have introduced some reforms. They have established credit bureaus or special departments and collecting information on the borrowers. Nevertheless, the information on small retailers, microfinance institution, trade credit data and small loans are excluded. Despite all that, complete information is not available.

In case of Bangladesh, the Public Credit Registry collects data on loans exceeding US\$ 800. The data are recorded manually and extended only two years back. The Public Credit Information Bureau, in Pakistan, collects data on both consumers and firms (estimated up to 2 million) without a loan or other size limit. The data are computerized and go back several years (see Nenova, T. 2010). The State Bank of Pakistan also provides useful information. The Infrastructure and Housing Finance Department of State Bank of Pakistan presents Quarterly Housing Finance Review. The review includes data on housing finance, collated on a periodic basis from public sector banks, private banks, foreign banks, DFIs and House Building Finance Corporation (HBFC).

It also shows a trend of different parameters like disbursements, outstanding and recoveries (e.g. see Quarterly Housing Finance Review Dec 31, 2010). Similarly, Public Credit Registries and Private Credit Bureaus give credit reports in the MENA regions. However, there is a need to report the data on retailers and microfinance institutions. There is also a need to computerize all such information and making historical data available

Malaysia has made good progress in credit information. In addition to other information necessary for lenders, Bank Negara Malaysia publishes information also for the customers. A guide to consumers is available who wish to know about property financing. It explains the overall processes and procedures involved in getting finance as well as the type of facilities available under Islamic financing. Similar information is available for the non-Islamic mortgages.

3.4. Long Term Financing

The ever-increasing demand for housing cannot be met without strong primary mortgage market, which consists of banks or specialized housing finance institutions. However, the long-term housing finance maturity and short-term deposits create liquidity risk to the funding institutions. This mismatch could be solved by establishing a deep secondary mortgage market. It will improve the liquidity of housing finance; create competition among the institutions, which will keep the cost of lending low and benefiting the borrowers. It can issue its own bonds and open up investment opportunities for long-term investors like, institution of provident fund, pensions and insurance companies.

Mortgage refinance companies are not developed in the member countries and such funding facilities are not available. However, some IDB member countries have recently taken the initiative to establish refinance companies for solving the liquidity problem of the primary market lenders and widening the housing finance risk. In Pakistan, the housing Advisory Group of State Bank of Pakistan (SBP) has recommended the establishment of Mortgage Refinance Company. SBP and World Bank Group are working together on materializing it.

4. Existing Practices of Islamic Housing Finance products in IDB-Member Countries and Muslim Communities in Non-Member Countries

This section focuses on Islamic Housing Finance products that currently exist in the market. As Islamic financing schemes avoid interest, the financing mechanism commonly employs sale based, lease based or partnership based solutions.

To obtain a comprehensive data on different Islamic housing finance products, institutions in nine markets worldwide were surveyed. Since there is no readily available Islamic housing finance database, an internet based search-engine survey adopting a structured convenient sampling method was conducted. In total, 108 institutions in 27 countries were reviewed. The details are summarized in Table 6.

The survey had a broad quota of five institutions per country. The sample was identified by searching for multiple key phrases¹¹ related to Islamic housing finance. Some countries (especially in the GCC) had many Islamic financial institutions that offer variety of solutions. For these countries, the sample includes more than 5 institutions.

Table 6: Countries and Institutions included in the Survey

Markets	No. of Countries	No. of Institutions	Countries
GCC	6	39	KSA, Kuwait, Bahrain, Qatar, UAE, Oman
Other MENA (including Turkey)	5	10	Turkey, Egypt, Morocco, Lebanon, Jordan
Sub Saharan Africa	6	16	South Africa, Kenya, Nigeria, Senegal, Sudan, Ethiopia
Central Asia	2	3	Azerbaijan, Kazakhstan
South Asia	2	11	Pakistan, Bangladesh
South East Asia	2	11	Malaysia, Indonesia
North America	2	11	US, Canada
United Kingdom	1	5	United Kingdom
Australia	1	2	Australia
Total	27	108	

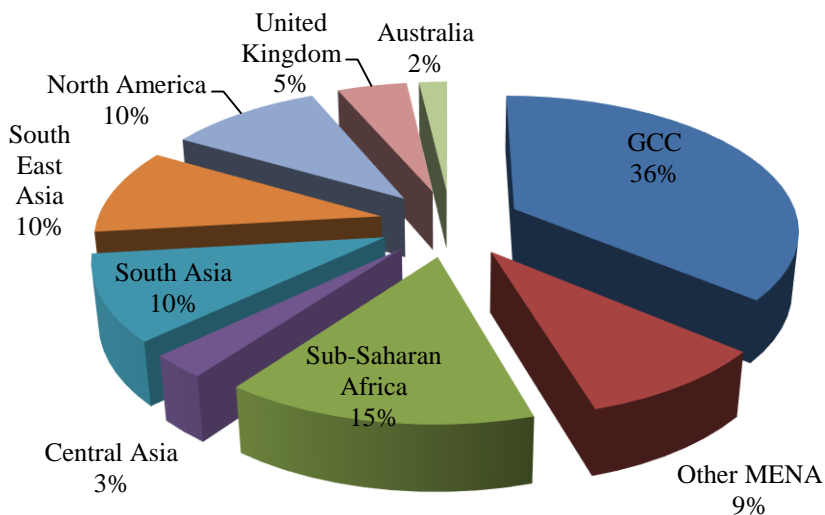
To obtain a snapshot of the relative distribution of the survey, refer to Figure 1 GCC as a group had the highest number of institutions although the number of countries surveyed is the same as the sub-Saharan African countries. South East Asia, South Asia and North America each have a 10% share. Although the GCC as a group seem to have the highest

¹¹ Islamic home finance, Shari[ah compliant housing finance, Islamic mortgage, Islamic banks etc

percentage, on an individual country basis, the four most active jurisdictions (Saudi, Kuwait, Bahrain, and UAE) only had 7% share each. Refer to Appendix 1 for details on the number of institutions surveyed in each country.

Table 7 lists the different options offered by the institutions for completed properties and property under construction. These are based on information provided on the website of different institutions. Interviews with a few selected institutions were also conducted to confirm the workings of their products. It is noted that there are far more institutions offering financing for completed properties compared to financing for properties under construction. An institution will be included in the construction finance category only if they specifically mention on their website that they do under construction financing.

Figure .1: Total Institutions Surveyed



For institutions that do not clearly specify whether or not they offer Islamic Housing Finance, or do not mention clearly the underlying Shariah principles used, separate categories were allocated. For completed properties, there were 29 institutions that fall into these categories. This brings the final usable sample to 96 institutions. For properties under construction, there are 4 institutions that did not specify the underlying Shari[ah principles. So the final usable sample for property under construction is 25 institutions. Please notice, the total count for completed properties were 125, which exceed the number of institutions surveyed (108). This is because the counts here are based on the

underlying Shari[ah principles. As highlighted in Table 7, there are some institutions that offer multiple solutions. This means, these institutions will appear in a few categories.

With the exception of Pakistan and Bangladesh, institutions in a particular country do not necessarily offer the same solutions. Different institutions choose to offer different solution based on their strategy and business style preference. Only in Pakistan and Bangladesh, all the institutions surveyed were offering *Musharakah Mutanaqisah*. In Sudan, with the exception of Sudanese Egyptian Bank, there was no information on Islamic housing finance solutions offered by Sudanese banks.

The majority of institutions (88%) offer only a single solution of housing finance for their customers. Only 19 institutions (out of 108) offer multiple solutions. This is highlighted in Table 8. Most of them offer (74%)

Murabahah and *Ijarah*, followed by *Musharakah Mutanaqisah* and *Murabahah*. Emirates Islamic Bank and Devon Bank even offer *Musharakah Mutanaqisah* in addition to *Murabahah* and *Ijarah*. Only Al-Baraka offers *Musharakah Mutanaqisah* and *Ijarah*.

Table 7: Islamic Housing Finance Scheme Offered by Different Institutions for Completed Properties

Completed Properties	Count	Institutions
<i>Murabahah</i>	27	ADIB, EIB, Riyadh Bank, Samba, SHB (include incomplete villa purchase), AUBK, KFH, KIB, Ithmaar, KFH(B), AUBB, AUB(UK), QIB, CBQ, Bank Muamalat, Mandir Syariah, Bank Mega Syariah (include renovation), An-Nur Coop (Ontario), Salam Financial (Canada), KFH(M), Dar Assafaa (Morocco), JIB, Kuveyt Turk, Devon, UIFC, LIB, Al-Baraka (SA)
<i>Ijarah</i>	30	ADIB, HSBC (UAE), Hilal (UAE), Tamweel, DIB, EIB, ADCB, Al-Jazira, SHL, Riyadh Bank, SHB, NCB, AUBK, KFH, Al-Baraka, Ithmaar, KFH(B), BIB, AUBB, AUB (UK), UNB (UK), Barwa, BNI (Indon), MCAA, <i>Ijarah</i> Loan, IIAB (Jordan), JIB, Devon, UIFC, LIB
<i>Musharakah Mutanaqisah</i> (MM)	37	EIB, Al-Baraka, IBB, HSBC Amanah, ABC International (UK), Meezan, DIB(P) - include renovation, Al-Falah, Al-Habib, SC(P) - include renovation, Faysal, HSBC (Indon), Bank Muamalat, ICFA (Australia), UM Financial Group, An-Nur Coop (Ontario), Isna Housing Coop (Canada), Ansar Housing (Canada), Citibank (M), SC (M), Maybank Islamic, HSBC (M), KFH (M), Devon, LARIBA, Halal Inc (US), Guidance, Bank Muscat, SC(Bangla), IBBL, HSBC (Bangla), ShahJalal, Prime Bank, GAB (SA), Chase Bank (SA), Jaiz International Bank (N), IMFB (N)
Others : <i>Wakalah</i> & Commodity <i>Murabahah</i>	2	ARB(M) - Commodity <i>Murabahah</i> , FNB (SA) – <i>Wakalah</i>
Offers IHF - but no info on instrument	10	ARB(KSA), Alinma, QIIB, Masraf Al-Rayan (personal finance include renovation), Khaleji Commercial (B), Al-Baraka (E), Al-Baraka (T), Bank Asya (T), Al-Baraka (L), FCB (SA)
Don't do retail or Retail but no HF	7	Anan Real Estate (Kuwait), IIG (wholesale), TII (consumer but no HF), KIC (wholesale), ABC Islamic (B), GFH (investment bank), Absa (SA) - no HF

No specific info if offer IHF	12	Amlak, Warba (Kuwait - not operational yet), Kauthar Bank (Azerbaijan), Al-Hilal (Kazak), BTA (Kazak), Al-Baraka (Sudan), Faisal (Sudan), Tadamon (Sudan), Shamal (Sudan), Al-Salam (Sudan), BLOM Development Bank (Lebanon), Islamic Bank of Senegal
Total	125	

Table 8: Islamic Housing Finance Scheme Offered by Different Institutions for Properties Under Construction

Property Under Construction	Count	Institutions
<i>Istisna]</i>	4	ADIB, AUBK, QIB, KFH (M)
<i>Ijarah</i> Mawsoofa Bi - Dhimma (IMBD)	9	ADIB, HSBC (UAE), Hilal (UAE), Tamweel, DIB, ADCB, Al-Baraka, BIB, Devon
MM	8	Meezan, Al-Falah, Maybank Islamic, SC(Bangla), IBBL, HSBC (Bangla), ShahJalal, Prime Bank
Others: Commodity <i>Murabahah</i> , <i>Murabahah</i> for Construction Material	4	ARB (M) - Commodity <i>Murabahah</i> , IIAB (Jordan) - <i>Murabahah</i> for Construction material, Sudanese Egyptian Bank (<i>Murabahah</i> for Construction material), Devon (<i>Murabaha</i> for construction material)
Did not mention principle	4	ARB(KSA), Samba, Boubyan (Construction material finance under personal finance), Zam Zam International (Ethiopia)
Total	29	

Table 9: Institutions Offering Multiple Solutions (Completed Properties)

Multiple Offerings	Count	Institutions
<i>Murabahah</i> & <i>Ijarah</i>	14	ADIB, EIB, Riyadh Bank, Saudi Hollandi, AUBK, KFH, Ithmaar, KFH(B), AUBB, AUB (UK), Jordan Islamic Bank, UIFC, Devon Bank, Lebanese Islamic Bank
MM & <i>Murabahah</i>	4	Bank Muamalat Indonesia, An-Nur (canada), KFH(M), Maybank (<i>Bay'</i> Al-Inah)
<i>Ijarah</i> & MM	1	Al-Baraka
Total	19	

Based on the final sample (Table 9) *Musharakah Mutanaqisah* is the most widely used Shari[ah solution offered for financing completed properties. This is followed by *Ijarah* and *Murabahah*. Only one institution used *Wakalah* (First National Bank in South Africa) and Commodity *Murabahah* (Al-Rajhi Malaysia). For property under construction, *Ijarah Mawsoofa Bi -Dhimma* (IMBD) is the most widely used solution, followed by *Musharakah Mutanaqisah* and *Istisna*]. Ar-Rajhi Malaysia uses commodity *Murabahah* to fund construction property as well. To avoid construction risks, a few institutions offer *Murabahah* for construction materials (International Islamic Arab Bank – Jordan, Sudanese Egyptian Bank and Devon Bank – US).

5. Experience of IDB in Housing Finance

Recognizing the importance of housing for the economic well-being of the Muslim *Ummah*, The IDB acknowledged that poverty alleviation can be implemented effectively by providing additional housing units and setting-up a comprehensive housing policy. The challenges are tremendous with more than half of the IDB member population living below international poverty level of US\$2 a day. This situation has also exacerbated the formation of slum in many IDB many countries. Although the share of IDB financing in housing sector has been limited, IDB has played an important role in housing finance in its member countries and the Muslim communities in non-member countries through utilizing Islamic modes of finance. Hence, given the significant level of funding required to fulfill the housing need in IDB member countries, a coherent intervention from various stakeholders including multilateral development institutions, private sectors and non-profit organizations is essential.

In the past, IDB has financed several housing projects in IDB member countries, partly under the real estate, education, water, sanitation and urban services and social services sector. The housing related projects for IDB member countries were financed from its Ordinary Capital Resources (OCR), Unit Investment Fund (UIF) and *Awqaf* Properties Investment Fund (APIF).¹² Since inception, IDB has financed 38 housing or housing related projects worth around US\$740.79 million (see Table 9). Of these 38 projects, 10 were financed from OCR, and the remaining from APIF, UIF and special assistance. By the end of 1432H, IDB has financed housing projects in 12 member countries including few non-member countries. Pakistan was the top beneficiary, accounted for 71.7 percent of the total housing financing, while most of the modes of housing financing were based on loan and leasing.

¹² There were few projects related to housing that were financed through the special assistance operation.

Table 10. IDB Housing Projects in Member Countries (1997-2011)

Country	No of Projects	Amount (in million US\$)
Djibouti	1	8.50
Iran	4	84.90
Kuwait	1	5.00
Maldives	1	12.89
Niger	2	41.00
Pakistan	2	209.24
Palestine	4	94.43
Qatar	3	84.48
Saudi Arabia	4	43.34
Sudan	6	89.30
UAE	6	52.63
Yemen	1	1.00
Non-Member	3	14.08
Total	38	740.79

Source: Data Resources and Statistics Department, IDB.

Consistent with its human development and infrastructure strategy, IDB has participated in the financing of social housing in Mali within the Malian Government framework of providing about 10,000 people affordable houses for the low income group of urban population. The project will enable 1,500 low income households to own modern affordable houses with all the basic amenities (i.e. potable water, electricity and sanitation) by the end of 2014. As a pilot project, the IDB has approved a financing of ID12.5 (Euro14.7 million) for the development of Basic Urban Infrastructure. During the three years of construction, the project is expected to create 12,500 direct and indirect jobs. The total cost of the project is estimated at Euro45.7 million.

Similarly, Islamic Corporation for the Development of the Private Sector (ICD), an affiliate of the Islamic Development Bank (IDB), has targeted the lower and middle income housing sector for its importance in improving the living standards of the majority of the member countries populations and due to the shortage of such housing units across member countries. ICD is supporting the sector by providing equity to developers for projects in this sector. As a first initiative, in 2006, it sponsored the establishment of “Ewaan” in Saudi Arabia and attracted private

sector shareholders to the company (Saudi Economic Development Company and International Investment Bank). Ewaan aims to provide quality and modern housing units in a community environment to the local population. The capital of Ewaan is SR200 million. The company has embarked on its first project in the city of Jeddah and the project will encompass housing units, commercial areas, mosques, schools and other service facilities. As a second initiative, ICD is endeavoring to establish a mortgage finance company also in Saudi Arabia to provide mortgage financing for home-buyers. The company will target mainly the middle income earners by offering housing mortgage for the period of 15 to 25 years.

As a third initiative, ICD has also conceptualized the establishment of a Shariah compliant housing development fund to invest in the development of middle income housing units within selected member countries. The fund will invest in the housing sector, with the core investments in projects which develop affordable housing units in member countries, initially targeting 3 to 5 member countries.¹³ The criteria for selecting the initial core member countries includes: i) population size and middle income population as a percent of total population; ii) GDP per capita; iii) availability of raw land; iv) government incentives; v) availability of finance for end users; and vi) developer landscape. The target capital of the fund is USD500 million, and the fund is expected to be incorporated in either Bahrain, or a similar offshore jurisdiction. The term of the fund will be 5 years, extendable by 2 one-year periods. ICD is interested in developing an IDB Group-wide housing program under which the above-mentioned fund would operate. The program would be run by a team from the IDB Group entities and oversee research on affordable housing priorities within member countries, opportunities, and technology transfer, among other things. The program is intended to be an umbrella for other possible initiatives of the IDB Group for the housing sector of member countries such as a trade finance fund for ITFC to finance building materials for housing development projects and project developers, and insurance and investment protection products from ICIEC for cross-border investors in housing projects within member countries who may not be investing in the projects through the ICD fund.

Some of the main lessons from IDB involvement on housing related projects are that i) the undertaking process is lengthy; ii) political support has been very useful in speeding up; iii) continuous interaction with executing agency is crucial during the preparation and implementation; and iv) implementation arrangements must be clearly defined and understood.

6. Summary of Findings and Suggestions

Summary of Findings : Housing sector of the IDB member countries has been facing challenges of housing finance, of course with different degrees, which ultimately affects the growth of the sector. The non-transparent ownership, vague property rights, weak legal and regulatory framework, ineffective foreclosures laws, ineffective land registration system, high transaction costs, and inadequate long term housing finance funds have been the major issues of the housing sector. Although most of the member countries have introduced some reforms for

¹³ The current pipeline projects are in Jordan, Egypt, Saudi Arabia, Mauritania, Yemen and Indonesia.

credit information through establishing credit bureaus or special departments, however, complete information is not available.

Mortgage refinance companies are not well developed in the member countries and such funding facilities are scarce. Some IDB member countries have recently taken the initiative to establish refinance companies for solving the liquidity problem of the primary mortgage market. The other countries may learn and establish such companies for growth of the sector.

A survey of financial institutions offering Islamic finance for housing was conducted. *Musharakah Mutanaqisah* (39%) is the most widely used Shari[ah solution offered for financing completed properties. This is followed by *Ijarah* (31%) and *Murabahah* (28%). Only one institution used *Wakalah* and Commodity *Murabahah* . There were two main variations of *Musharakah Mutanaqisah* – the first is offered by banks – which include purchase undertaking, sales undertaking and service agency. The second, *Musharakah Mutanaqisah* is offered by Islamic coop; these do not include purchase undertaking, sales undertaking and service agency. *Ijarah* and *Musharakah Mutanaqisah* inherit similar flexibility when it comes to restructuring and liquidity management issue as the institutions are the owner of the asset.

For property under construction, *Ijarah Mawsoofa Bi Dhimma* (IMBD) (36%) is the most widely used solution, followed by *Musharakah Mutanaqisah* (32%) and *Istisna*] (16%). To avoid construction risks, a few institutions offer *Murabahah* for construction materials. Some banks use *Istisna*] to buy the property under construction from the client and lease it back to the client under *Ijarah Mawsoofa Bi Dhimma*. This arrangement manages both the construction risk and refund risk.

IDB has also played some role in developing housing finance in its member countries and for Muslim communities in non-member countries. On the side of private sector initiatives in housing finance, the private sector investment arm of the IDB Group, the Islamic Corporation for Development (ICD), has participated by providing equity to developers of housing projects and sponsoring their establishment. ICD is also endeavoring to establish a mortgage finance company in Saudi Arabia. It is also working on establishing a housing development fund to invest in the development of middle-income housing in selected member countries.

Suggestions

Suggestions for the IDB Member Countries

In most of the member countries record keeping of property is vague, registration and title transfer are cumbersome and consequently increasing the time involved in transaction of property and the cost of transaction. Records are manually maintained which increases the probability of mistakes and the claim of third party on the property, which leads to corruption, increase the time involved in registering property and title transfer. MCS should make the

registration process simple by reducing the number of processes and make the cost of transaction reasonable. The IDB member countries, which still depend on manual system, should change to electronic registration. This will speed up the process, brings efficiency in the system, maintain record with ease and it will be easily accessible at any time.

In some MCs, the involvement of notary is compulsory, which delays the process of registration and also makes it costly. The process can be made simple by allowing the registration department to certify the documents rather than involving notaries. This will also cut the procedure involved in and the cost associated with it.

In most of the MCs foreclosure on property is inefficient. It is not fully implemented. The recovery is not certain. The cost of lending increases with uncertainties. The foreclosure takes too much time and the cost associated with it is high. The MCs may implement the foreclosure laws to the spirit. They may empower their financial institutions to foreclose the mortgage property without recourse to court, which will reduce the foreclosure time and cost.

The non-availability of credit information is another challenge to the financial institutions. For this purpose, some member countries have introduced required reforms while other did not. The MCs may establish credit bureau or special departments and collect information on the borrowers. Similarly the central banks may present data on housing finance from all the financial institutions in the country concerned.

In general, there is a lack of funds for housing finance in MCs. The mortgage industry is weak. There is a need to develop and strengthen the industry in the MCs. Member countries may promote secondary mortgage market to support the primary mortgage market and enhance the liquidity.

The availability of land and the required infrastructure for development of housing sector is a big challenge. Developing this sector requires some form of direct and indirect subsidy. It is suggested that MCs may adopt the public private partnership model of Morocco and Turkey.

House price indexes show market trend, occupancy cost and fair comparable valuation. This facilitates in decision making by the housing providers, seekers and financiers. Public sector should come up with establishment of house price indexes.

Suggestions for the IDB Group

The provision of affordable housing is becoming a major problem for the IDB member countries. Keeping in view the severity of the problem, IDB has played an important role in house financing in its member countries through utilizing Islamic modes of finance. In the past, IDB has financed several housing projects in IDB member countries, partly under the real estate,

education, water, sanitation and urban services and social services sector. The housing related projects for IDB member countries were financed from its Ordinary Capital Resources (OCR), Unit Investment Fund (UIF) and Awqf Properties Investment Fund (APIF).¹⁴ The IDB may continue its existing practices and further strengthen them.

The IDB has also participated in the financing of 1,000 social housing units in Mali for the low income group of urban population in 2011. No doubt the undertaking process is lengthy, which also requires continuous interaction with executing agency especially during the preparation and implementation stage and the political support. The IDB may continue its support to other member countries.

The IDB Group should consider developing schemes or products which would attract other investors or financiers (from private and public sector) into providing housing finance with the IDB in order to augment the IDB's effectiveness, magnify its role and increase the effect of IDB intervention in the sector.

In recent year, ICD has conceptualized the establishment of Shari[ah compliant real estate fund to invest in the development of middle income housing units within selected member countries. The fund will invest in the real estate sector, with the core investments in projects which develop affordable housing units in member countries, initially targeting 3 to 5 member countries.¹⁵ A Synergy can be created in this program whereby Islamic Trade and Finance Corporation (ITFC) can finance building materials for housing development projects and project developers while Islamic Corporation for Insurance and Export Credit (ICIEC) can provide insurance and investment protection products for cross-border investors and traders of building materials and products for housing projects. If the experiences of the project form the selected countries is successful, then the same may be replicated in other member countries.

For the Islamic products and especially the DBP to work efficiently, explicit regulations are needed that: (i) allow banks to own property with limited liability, (ii) provide guidelines for real estate operating cooperating companies on the use of DBP, (iii) allow securitization of housing projects. In some countries amendments in company laws are needed to allow for creation of trust companies, and changes in land laws are needed that allow fractional changes in ownership as the client gradually buys the property. Similarly, parity in tax treatment and clear definition of duties of financier relating to properties is required. With regard to these requirements the IDB Group can help by suggesting to IFSB to come up with appropriate standards, and highlight to the regulatory authorities of member countries the importance of allowing and promoting Islamic financial institutions specializing in housing finance. It can provide Technical Assistance to countries in creating trust laws where they are missing. It can also encourage the governments and the authorities of member countries to come up with guidelines for issuance of housing based *sukuk*. The IDB not only encourage establishment of housing finance companies but can invest in them as well. It can also suggest to AAOIFI to come up with appropriate accounting and Shari[ah standards for them regarding unique features of their operations and duties.

¹⁴ There are few projects related to housing that were financed through the special assistance operation.

¹⁵ The current pipeline projects are in Jordan, Egypt, Saudi Arabia, Mauritania, Niger, Yemen and Indonesia.

IDB can help the member countries for establishing and strengthening the secondary mortgage market through securitizing the Shari[ah compliant mortgages provided by the funding institutions.

Although ICD is supporting developers by providing equity, but it is on small scale. The IDB may help developers through creating a special fund for housing projects in the selected member countries and the successful experience, if obtained, be extended and replicated for housing projects development in other member countries.

The non-availability of credit information is a constraint on the housing finance. To overcome the information problem in long run housing finance, the IDB, may encourage its member countries to gather and computerize information related to different housing events, best practices, reforms and other steps, if any, taken by them and made available to all member countries for the sake of learning and implementation.

Some Shari[ah compliant housing mortgage products are being used in the non-Muslim countries, especially in USA, Canada, UK, and Australia. Nevertheless, this use is very limited. In case of the UK, Islamic home finance market accounts about 0.5 percent of the overall mortgage market. In order to expand housing market through Shari[ah compliant products, a general awareness program is needed. The IDB can provide general guidelines and products information through its web site and encourage the Islamic banks or windows to disseminate the information.

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Appendix 1: List of Websites for Institutions Surveyed

Australia

Australia

1. MCCA: <http://www.mcca.com.au/homepage.html>
 2. Islamic Co-operative Finance Australia Limited: <http://www.icfal.com.au/>
Bahrain
 3. Al-Bakara: <http://www.barakaonline.com/default.asp>
 4. Ithmaar Bank: <http://www.ithmaarbank.com/index.asp>
 5. Kuwait Finance House (Bahrain): <http://www.kfh.bh/en/>
 6. Bahrain Islamic Bank: <http://www.bisb.com/default.asp#>
 7. International Investment Bank: <http://www.iib-bahrain.com/index.php>
 8. Gulf Finance House: <http://www.gfh.com/en>
 9. Arab Banking Corporation: <http://www.arabbanking.com/En/Pages/default.aspx>
 10. ABC Islamic Bank:
<http://www.arabbanking.com/world/islamicbank/En/Pages/default.aspx>
 11. Khaleeji Commercial Bank: <http://www.khcbonline.com/default.asp#>
Bangladesh
 12. Standard Chartered: <http://www.standardchartered.com/bd/en/>
 13. Islami Bank Bangladesh Limited: <http://www.islamibankbd.com/index.php>
 14. Shah Jalal Islamic Bank: <http://www.shahjalalbank.com.bd/index.php>
 15. HSBC Amanah Bangladesh: <http://www.hsbc.com.bd/1/2/hsbc-amanah>
 16. Prime Bank Limited: <http://www.primebank.com.bd/index.php/home>
- #### Canada
17. *Ijarah* Canada: <http://www.ijarahcanada.com/index.php>
 18. Ansar Co-operative Housing Corporation: <http://www.ansarhousing.com/>
 19. UM Financial Group: <http://www.umgroup.ca/index.php?p=home>
 20. An-Nur (Ontario) Coop Corp Ltd: <http://nurcoop.com/index.php>
 21. ISNA HOUSING CO-OPERATIVE LTD. (IHC): <http://www.isnahousing.ca/>
 22. Salam Financial: <http://www.salamfinancial.com/index.html>

Azerbaijan

23. Kauthar Bank: <http://www.kautharbank.com/en/banking/>

Kazakhstan

24. BTA Bank: <http://www.bta.kz/en/>
25. Al-Hilal Bank: <http://www.alhilalbank.ae/>

Egypt

26. Al-Baraka: <http://www.barakaonline.com/default.asp>

Ethiopia

27. ZamZam International Bank: <http://www.zamzambank.com.et/index.html>

Indonesia

28. HSBC Amanah: http://www.hsbc.co.id/1/2/amanah_en_US/home

29. Bank Muamalat: <http://www.muamalatbank.com/index.php/>

30. BNI: <http://www.bni.co.id/en-us/home.aspx>

31. Mandiri Syariah: <http://www.syariahmandiri.co.id/>

32. Bank Mega Syaria: <http://www.bsmi.co.id/index.php>

Jordan

33. Islamic International Arab Bank: <http://iiabank.com.jo/Default.aspx?tabid=83>

34. Jordan Islamic Bank: [http://www.jordanislamicbank.com/en/?](http://www.jordanislamicbank.com/en/)

Kenya

35. Gulf African Bank: <http://www.gulfafricanbank.com/Home>

36. Chase Bank Kenya: <http://www.chasebank.co.ke/>

37. Real Estate Finance: <http://www.firstcommunitybank.co.ke/>

Kingdom of Saudi Arabia

38. National Commercial Bank : <http://www.alahli.com/EN-US/Pages/NCBHomePage.aspx>

39. Riyad Bank: http://www.riyadbank.com/index_en.html

40. Saudi Home Loans: <http://www.saudihomeloans.com/phase2/en/Default.aspx>

41. Bank Aljazira:

[http://www.bankaljazira.com.sa/\(S\(btbb1u553oto0d45wohrg0qz\)\)/index.aspx](http://www.bankaljazira.com.sa/(S(btbb1u553oto0d45wohrg0qz))/index.aspx)

42. Al-Rajhi Bank: <http://www.alrajhibank.com.sa/en/pages/default.aspx>

43. Samba: http://www.samba.com/english/index_01_01_en.html

Kuwait

44. Ahli United Bank: <http://www.ahliunited.com.kw/index.html>

45. Kuwait International Bank:

<http://www.kib.com.kw/krebclient/clientpages/Index.aspx?Id=52>

46. Anan Real Estate Finance: <http://www.anan.com/pages/menu00.php>

47. Kuwait Finance House: <http://www.kfh.com/en/index.aspx>

48. Boubyan Bank: <http://www.bankboubyan.com/index.html>

49. Warba Bank: http://www.warbabank.com/index_en.html

50. International Investment Group: <http://www.iigkw.com/oct/index.htm>

51. The International Investor: http://www.tii.com/index_e.htm

52. Kuwait Investment Company: <http://www.kic.com.kw/Home/index.asp>

Lebanon

- 53. Blom Bank: <http://www.blom.com.lb/English/index.aspx?pageid=8906>
- 54. Al-Bakara: <http://www.al-baraka.com/index.php>
- 55. Lebanese Islamic Bank: <http://www.lebaneseislamicbank.com.lb/index.asp>

Malaysia

- 56. Standard Chartered:
http://www.standardchartered.com.my/en/index_web.html
- 57. HSBC Amanah: <http://www.hsbcamanah.com.my/1/2/amanah/home>
- 58. Kuwait Finance House:
<http://www.kfh.com.my/kfhmb/ep/home.do;jsessionid=49D3816FD512660A00927B4BA561640A.worker1?tabId=0>
- 59. Maybank Islamic: <http://maybankislamic.com.my/index.html>
- 60. Citibank: <http://www.citibank.com.my/>

Morocco

- 61. CPI Financial: <http://www.cpifinancial.net/>
Dar As-Safaa: <http://www.darassafaa.com/>

Nigeria

- 62. Jaiz Bank PLC: <http://jaizbankplc.com/>
- 63. IMFB: <http://www.imfb-bank.com/index.html>

Oman

- 64. Bank Muscat: <http://www.bankmuscat.com/en-us/Pages/default.aspx>

Pakistan

- 65. Meezan Bank: <http://www.meezanbank.com/index.aspx>
- 66. Dubai Islamic Bank: <http://www.dibpak.com/Default.aspx>
- 67. Bank Al-Falah: <http://www.bankalfalah.com/>
- 68. Bank Al-Habib: <http://www.bankalhabib.com/index.php>
- 69. Faysal Bank: <http://www.faysalbank.com/index.html>
- 70. Standard Chartered:
<http://www.standardchartered.com/pk/personal/home/en/index.html>

Qatar

- 71. Barwa Bank: http://www.barwabank.com/?sc_lang=en
- 72. Qatar Islamic Bank: <http://www.qib.com.qa/?lang=en>
- 73. Commercial Bank of Qatar: <http://www.cbq.com.qa/index.aspx>
- 74. Qatar International Islamic Bank: <http://www.qiib.com.qa/qiib/en/default.aspx>
- 75. Masraf Al-Rayan: <http://www.alrayan.com/en/Home>

South Africa

- 76. Al-Bakara: <http://www.albaraka.co.za/home.aspx>

- 77. ABSA: <http://www.absa.co.za/Absacoza/>
- 78. First national Bank: <https://www.fnb.co.za/index.html>

Senegal

- 79. BIS Bank: <http://www.bis-bank.com/en>

Sudan

- 80. Faisal Islamic bank: <http://www.fibsudan.com/en/>
- 81. Al-Baraka: <http://www.al-baraka.com/index.php>
- 82. Lebanese Islamic Bank: <http://www.lebaneseislamicbank.com.lb/index.asp>

Turkey

- 83. Al-Baraka: <http://en.albarakaturk.com.tr/>
- 84. Bank Asya: <http://www.bankasya.com.tr/en/index.jsp>
- Kuveyt Turk Participation Bank: <http://www.kuveytturk.com.tr/pages/default-en.aspx>

UAE

- 85. Abu Dhabi Islamic Bank: <http://www.adib.ae/>
- 86. HSBC Amanah: <https://www.hsbc.ae/1/2/>
- 87. Al-Hilal Bank: <http://www.alhilalbank.ae/>
- 88. TAMWEEL: <http://www.tamweel.ae/en/Home.aspx>
- 89. Dubai Islamic Bank: <http://www.dib.ae/en/index.htm>
- 90. Emirates Islamic Bank: <http://www.emiratesislamicbank.ae/eib/en/default.htm>
- 91. Amlak Real Estate: <http://www.amlakinvest.com/>

UK

- 92. Islamic Bank of Britain: <http://www.islamic-bank.com/>
- 93. HSBC Amanah: <http://www.hsbc.co.uk/1/2/pws>
- 94. Ahli United Bank: <http://www.iibu.com/home/almhome.aspx>
- 95. ABC International Bank: <http://www.islamicmortgages.co.uk/index.php?id=170>
- 96. United National Bank: <http://www.unbankltd.com/>

United State of America

- 97. Lariba: <https://www.lariba.com/default.htm>
- 98. Devon: <http://www.devonbank.com/Islamic/index.html>
- 99. UIFB: <http://www.universityislamicfinancial.com/IBDMain.html>
- 100. Guidance: <http://www.guidanceresidential.com/>
- 101. Halal Inc: <http://halalinc.com/index.shtml>