

GLOBAL ISLAMIC FINANCE & HAJJ FUND MANAGEMENT: SOME OBSERVATIONS

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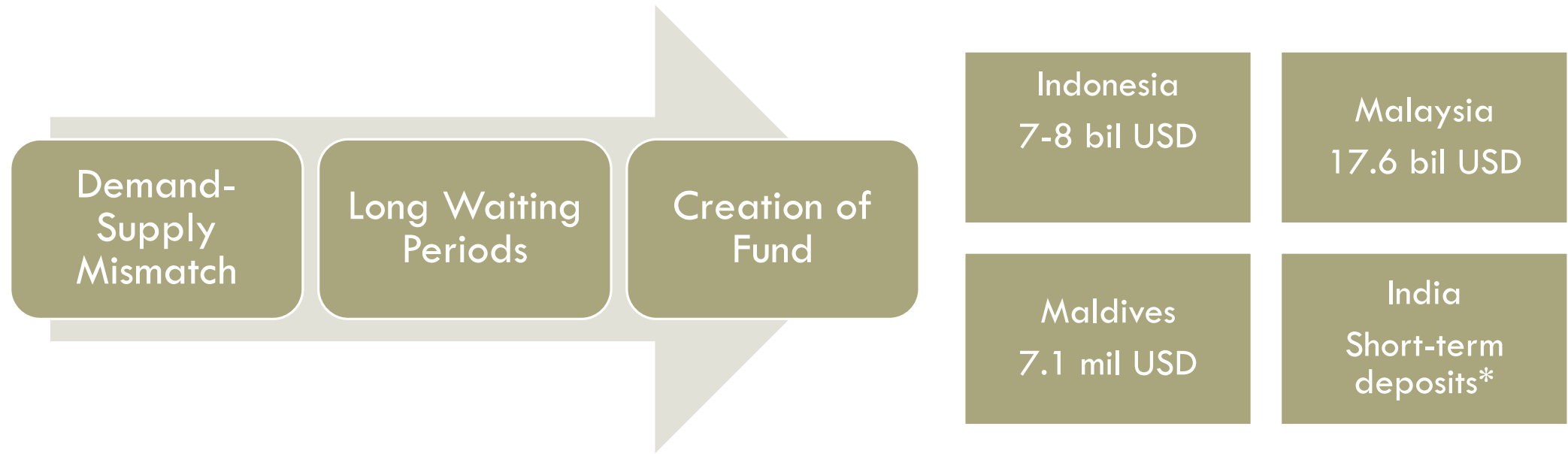


Country	Agency	Muslim Population In Million	No. of pilgrims	Share of Private
Indonesia	Badan Pengelola Keuangan Haji (2017)	225	230,000	-
Malaysia	Tabung Haji (1963)	19.5	30,000	-
Maldives	Maldives Hajj Corporation Limited (2013)	4	1000	50%
India	Hajj Committee (Ministry of External Affairs)	140	200,000	30%

HAJJ FACTS

Country	Cost per Pilgrim (USD)	Price per Pilgrim (USD)	Subsidy per Pilgrim (USD)	No. of Pilgrims	Annual Outflow for subsidy (USD Million)
Indonesia	4250-4950	3200	1050-1750	230,000	241.5-402.5
Malaysia	5400	2400	3000	30,000	90
Maldives	4500	4500	-	1000	
India	4000-4220	4000-4220	-	200,000	0*
* 75 million in 2016; 100 million in 2013					

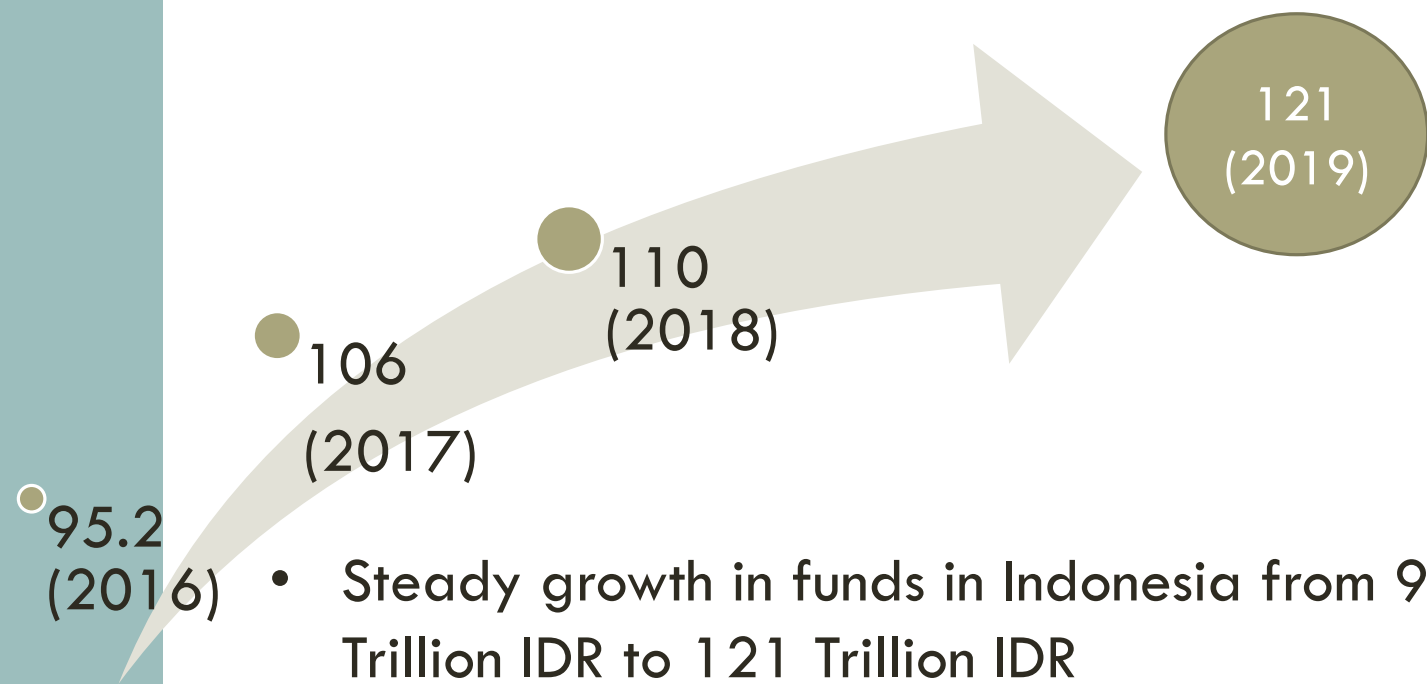
HAJJ FINANCIALS



* Demand in India in 2019 was 267000 against quota of 140000; application money is held for a few months only

HAJJ FINANCIALS

THE FINANCIAL CHALLENGE



- Steady growth in funds in Indonesia from 95.2 Trillion IDR to 121 Trillion IDR
- Waiting list has increased from 12 years to 20 years
- Ex-post return on average: 6.5 percent
- Minimum required rate of return: 3.45-5.75 percent (annual subsidy/investment)
- Hedging against inflation and currency risks (Pigott, 2010 reports that the average cost of hajj for a British Muslim has increased by 400 percent within a decade)

GROWTH OF TABUNG HAJI

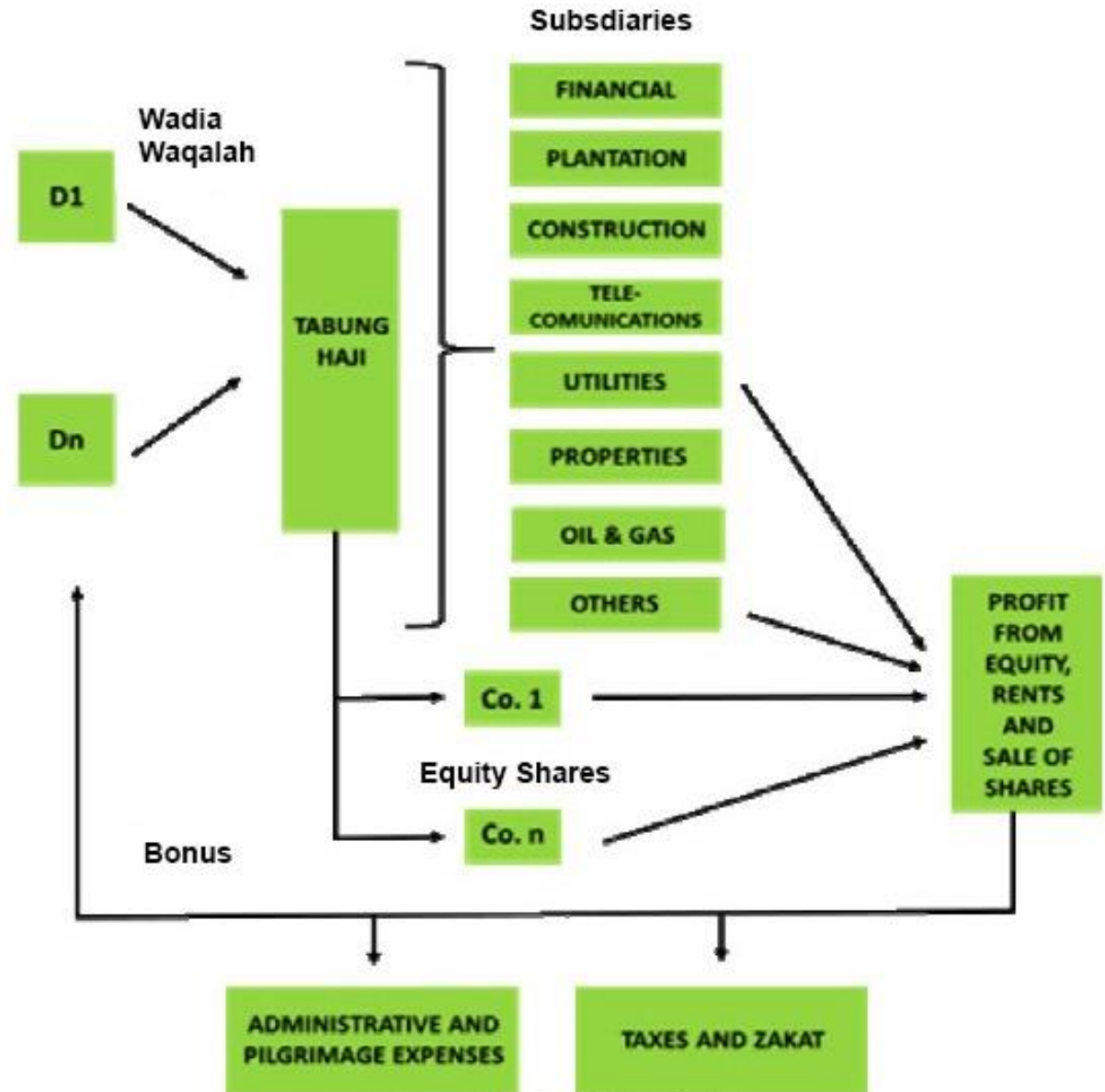


Steady Growth over the years

Year	Total number of depositors	Total deposits (RM)
1963	1,281	46,610
1964	6,566	816,146
1990	1.7 million	1 billion
2008	4.7 million	17 billion
2012	5 million	23 billion
2013	8.3 million	45 billion
2014	8.6 million	54 billion
2015	8.8 million	62 billion
2016	9.1 million	67 billion
2017	9.3 million	73 billion

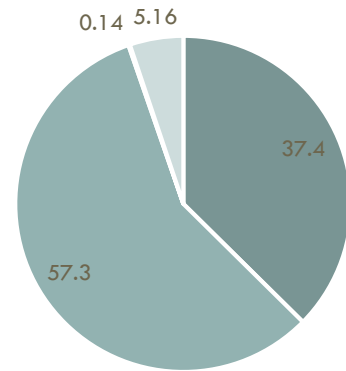
FUND MANAGEMENT @ TABUNG HAJI

Steady Growth over the years



Source: Cizacka (2011: 222)

Portfolio Composition



- Government Shariah Securities (SBSN)
- Shariah-based Time Deposit
- Government Debt Paper
- Others

Asset Class	Government Sharia Securities (SBSN)	Sharia based Time deposit	Government Debt Paper (SUN)	Others
Amount in Trillion IDR	35.65	54.57	0.136	4.84
Percent	37.4	57.3	0.14	5.16
Based on 2016 Audit Report				

FUND MANAGEMENT IN INDONESIA

Direct Investment in Mature Companies (with synergistic outcomes)

Long-term Infrastructure Sukuk/ Projects (prudence in project selection based on risk-return assessment)

Managing Liquidity risk; Currency risk (relatively difficult with domestic focus and illiquid/no markets)

INVESTMENT OF HAJJ FUNDS

Projects developed by MUIS have proved to be low-risk and high-return investments

APIF projects with IsDB as the mudarib have yielded satisfactory returns at very low risk of failure

Numbers and Estimates for other countries are equally promising

HAJJ FUNDS FOR AWQAF DEVELOPMENT

HAJJ FUNDS FOR AWQAF DEVELOPMENT

- Bringing together a sector with whopping financing needs and one with a massive investment needs
- Primary objective of investment is not returns per se; returns are a means to a noble end
- Win-win for pilgrims as well as waqf beneficiaries
- Option with high public approval/ acceptance
- Resolve the issue of Discomforts (even if largely perceived) with (i) Investing hajj funds in projects of less-understood quality and little historical track records (ii) Use of private capital for waqf development

THANK YOU

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