

**GFSAC Meeting: May 13-15, 2025****Cover Page****1.21 Islamic Finance***Paper: GFSAC/2025/05/13F***For Endorsement****No Discussion****Global Consultation Responses:**

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	26
No	0
Partially	0
No Comment	11
Total	37

Global Consultation Comments:

All respondents who expressed a view, supported the proposal on Islamic Finance. Many respondents cited the importance of harmonization with the *2025 SNA* and *BPM7* when supporting the Proposed Recommendation. The only additional substantive comment raised was that “a reference rate for calculation of FISIM in each option should nevertheless be accompanied by clear examples”.

With regard to how to reflect the guidance on Islamic Finance in the new GFSM, one respondent noted:

“Since Islamic finance touches several aspects of the GFSM framework, and in particular sectorization, classification and balance sheet, it would be desirable and more efficient to devote a chapter or an appendix covering the main methodological and classification issues, in a similar way to the new SNA/BPM.”

Questions for GFSAC:

- Do you endorse the draft Notice of Decision?



GFS Notice of Decision

DRAFT

1.21 Islamic finance

GFS Notice of Decision:

The update to the *GFSM 2014* will:

- a. Replace the term “interest” with the term “interest and similar returns” defined in line with the [2025 SNA](#), (para. 8.119) as “investment income or interest-like income that is receivable by the owners of certain kinds of financial assets, namely: deposits, debt securities, loans, and other accounts receivable and some similar instruments in the case of Islamic finance, for putting the financial asset at the disposal of another institutional unit”.
- b. Introduce additional guidance in the updated GFSM to clarify how to properly account for Islamic finance and insurance arrangements in the GFS. The guidance would be based on the joint SNA/ BPM Chapter on Islamic finance ([2025 SNA](#) Chapter 26 / [BPM7](#) Chapter 17) and include:
 - A general overview of Islamic finance and how it is different from conventional finance;
 - A review of Islamic financial institutions and their sectorization;
 - A review of Islamic financial arrangements, and how these may be reflected in macroeconomic financial instruments (classification and corresponding investment income);
 - Clarification of economic ownership of nonfinancial assets in Islamic finance arrangements; and
 - Clarification of Islamic financial instruments, specifically, discussing the different sukuk arrangements and how to treat these in GFS as well as including examples of other Islamic finance instruments in the relevant asset and liability categories.

GFS Related Documents:

GFS Proposed Recommendations Document	GFSM PR 1.21
GFS Discussion Note	Not applicable
GFS Global Consultations	April 2025
Discussions at GFSAC Meeting(s)	To be added
SNA/BPM Related Documents:	



Guidance/Issue Note	SNA/BPM: GN IF1
Global Consultation(s)	SNA: January 2024 ; January 2022
Discussions at the AEG/BOPCOM¹ Meeting(s)	AEG: October 2023 ; November 2021 ; October 2019 Joint AEG / BOPCOM: October 2022 ; March 2022

¹ AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee