Islamic Finance

At Fitch Ratings, we have been providing independent and objective credit ratings to the Islamic Finance market for over a decade. With a strong track record in Islamic Finance, we rate more Islamic banks than any other global credit rating agency. We currently rate over 168 outstanding Islamic Finance instruments worldwide and over 40 Islamic Finance based issuers.

Fitch’s Islamic Finance Group coordinates all Islamic Finance activities and expertise across the Sovereigns, Financial Institutions, Corporates, Structured Finance, Infrastructure, and Insurance teams. In addition to being involved in the rating process of Islamic Finance instruments, the group monitors and reports on this rapidly growing sector through specialised research and commentary, as well as criteria development. The Islamic Finance team spans various continents and time zones and brings a combination of local knowledge and a strategic global perspective to this evolving sector.

Fitch Ratings Islamic Finance Coverage

Data as of March 31, 2023

Islamic Finance-Based Issuers by Region

- **Middle East**: 8 issuers, 8.25% of total
- **Asia**: 95 issuers, 33% of total
- **Europe**: 6 issuers, 4% of total
- **Africa**: 24 issuers, 8% of total

Volume of Sukuk Issuance by Region

- **Middle East**: $99.2bn
- **Asia**: $30.8bn
- **Europe**: $10.6bn
- **Africa**: $3.3bn

Islamic Finance-Based Issuers by Sector

- **Financial Institutions**: 33 issuers, 82.5%
- **Corporates and Others**: 10 issuers, 2.5%
- **Insurance**: 4 issuers, 1%
- **Sovereign/Supranational**: 6 issuers, 2%

Volume of Sukuk Issuance by Sector

- **Financial Institutions**: $82.6bn
- **Corporates and Others**: $3.3bn
- **Insurance**: $23.9bn
- **Sovereign/Supranational**: $4.8bn

Islamic Finance-Based Issuers by Region

- **Middle East**: 24 issuers, 60%
- **Asia**: 8 issuers, 20%
- **Europe**: 6 issuers, 15%
- **Africa**: 2 issuers, 5%

Volume of Sukuk Issuance by Region

- **Middle East**: $99.2bn
- **Asia**: $30.8bn
- **Europe**: $10.6bn
- **Africa**: $3.3bn

Data as of March 31, 2023
Criteria
Our dedicated Islamic Finance criteria is outlined in the Sukuk Rating Criteria, which describes Fitch Ratings’ approach to assigning and maintaining international and national ratings for new and existing originator-backed sukuk issues. These criteria apply to originator-backed (or “asset-based”) sukuk structures, where investors rely upon obligor direct support features and contractual commitments built into the documentation. These criteria apply globally to corporates, financial institutions, sovereigns, supranationals, public finance, insurers and global infrastructure. They do not apply to asset-backed sukuk, which rely on underlying collateral.

It is also possible for sukuk to be structured as subordinated, short-term or secured claims. If so, they will be rated as such in accordance with Fitch’s established criteria, with the ratings again benchmarked to the Issuer Default Rating (IDR) or the issuer’s Viability Rating (VR) where the case dictates.

Research & Commentary
The Islamic Finance Group publishes a wide range of specialised research and commentary across sectors and regions on major developments, industry outlooks, and market trends, including Rating Action Commentaries (RACs), Fitch Wires, and special reports. Recent examples include:

- Saudi Islamic Banks’ Growth, Capital Remain Strong
- Sukuk Pipeline Building Up Despite Volatilities
- Global Sukuk Outlook Dashboard: 1Q23
- IMF to Separate Islamic Finance in SNA/BPM: No Headline Impact Expected
- Turkish Islamic Banks’ Market Shares to Grow Further in 2023
- Morocco’s Islamic Finance Industry Is Nascent; Faces Key Challenges
- Oman’s Islamic Banking Share to Rise Amidst Improving Demand, Structure
- Bahraini Islamic Banking Penetration Solid, to Benefit from Consolidation
- Sukuk and Bond Pricing Mostly Similar, Sukuk Less Liquid
- Malaysia Takaful Growth to Continue, Volatile Profitability Remains a Challenge
- Indonesia’s Islamic Banks to Maintain Positive Momentum Amid Challenges
- Malaysia’s Islamic Financing Growth to Continue Outperforming Conventional Banks
- Long-Term Challenges for Indonesia’s Takaful Sector amid Growing Market Share
- Nigerian Islamic Finance Industry to Continue Growth on Policy Push
- Fitch Ratings Sees Growth Prospects for Islamic Derivatives; Gaps Persist

For More Information
To learn more about the sector, please read the Guide to Islamic Finance: Fitch Ratings’ Perspective. For further information on Fitch’s Islamic Finance ratings, visit fitchratings.com/site/islamicfinance

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About Fitch Ratings
Fitch Ratings is a leading provider of credit ratings, commentary and research. Dedicated to providing value beyond the rating through independent and prospective credit opinions, Fitch Ratings offers global perspectives shaped by strong local market experience and credit market expertise. The additional context, perspective and insights we provide help investors to make important credit judgments with confidence. Fitch Group is a global leader in financial information services with operations in more than 30 countries. In addition to Fitch Ratings, the group includes Fitch Solutions, a leading provider of credit market data, analytical tools and risk services; and Fitch Learning, a provider of learning and development solutions for the global financial services industry. Fitch Group is wholly-owned by Hearst Corporation.