| **Subsector** | **Generic examples** | **Examples of financial services provided** | **Proposed method to calculate output** |
| --- | --- | --- | --- |
| Central Bank (S121) | Central Bank  Monetary Authority | Monetary policy services | Sum of Cost |
| Financial intermediation services | FISIM formula |
| Borderline cases, such as supervisory services | Market output – explicit fees  Non-market output – Sum of cost |
| Deposit-taking corporations except the central bank (S122) | Islamic Banks  Commerce and Development Banks  Online Banks  Commercial Banks  Islamic microfinance banks | Mudaraba  Quard  Tawarruq  Murabaha  Musharaka  Ijarah  Sharī`ah-compliant savings and current accounts | Output is a combination of the following:  (a) For loans and deposits is calculated using the FISIM formula, i.e., (rL–rr)×YL+(rr–rD)×YD, where rL, rD, rr, YL and YD represent the loan dividend rate, deposit dividend rate, reference rate, average stock of loans and average stock of deposits respectively  (b) Explicit fees |
| Money market funds (MMFs) (S123) | Sharia’a compliant MMFs | Sharia’a compliant investment services | For purposes of calculating the output, and thereby the value added, of Islamic MMFs, and based on the nature of ownership of shares, they could be treated in the same way as conventional MMFs.  As such, output may be computed as the sum of various fees that MMFs charge investors on transactions, namely purchase and redemption fees, exchange fees, account fees, and operating fees. |
| Non-MMF investment funds (S124) | Sharia’a compliant Non-MMF investment funds | Sharia’a compliant investment services | For purposes of calculating the output, and thereby the value added, of Islamic non-MMFs, and based on the nature of ownership of shares, they could be treated in the same way as conventional non-MMFs.  As such, output may be computed as the sum of various fees that non-MMFs charge investors on transactions, namely purchase and redemption fees, exchange fees, account fees, and operating fees. |
| Other financial intermediaries except insurance corporations and pension funds (S125) | Islamic investment banks  Investment companies | Sharia’a compliant (advisory) investment banking services such as structured finance (Istisna or Ijarah), investment placement, raising funds (often on the basis of joint Mudaraba) in equity and debt markets and trade finance (Murabaha contracts being the dominant Sharia’a principle)  Murabaha or Baj Ajel installment sales | Output is a combination of the following:  (a) Explicit fees  (b) Implicit financial service charge, which is calculated as calculated as (rL–rr)×YL ,  where rL , rr and YL represent the lending return, reference rate and average stock of loans respectively |
| Financial auxiliaries (S126) | Asset management corporations including Sharia’a | Management of Sharia’a-compliant investments and funds  Brokerage (e.g. Takaful products)  Provision of infrastructure for financial markets such as, financial software or capital market hubs | Explicit fees |
| Captive financial institutions and moneylenders (S127) | Holding companies  Sharia’a-compliant money lenders | Holding of assets (i.e., controlling-levels of equity) of subsidiary corporations which provide Islamic financial services  Sharia’a-compliant money lending services | Output is calculated as the value of explicit fees or sum of costs  Output is a combination of the following:  (a) Explicit fees  (b) Implicit financial service charge, which is calculated as calculated as (rL–rr)×YL , where rL , rr and YL represent the lending return, reference rate and average stock of loans respectively |
| Insurance corporations (S128) | Takaful  Retakaful | Life takaful  Non-life takaful  Retakaful | Nature of takaful business does not differ much than conventional except for profit/risk sharing.  Proposed recommendation for calculating output:  Life takaful  Output is calculated as actual premiums earned plus premium supplements minus benefits due minus increase (plus decrease) in actuarial reserves and reserves for with-profits insurance  Non-life takaful  Output can be calculated using either one of the three following methods:  (a) Output is calculated as actual premiums earned plus expected premium supplements minus expected claims incurred, where expected claims and premium supplements are estimated from past experience (expectations  approach);  (b) Output is calculated as actual premiums earned plus premium supplements minus adjusted claims incurred, where adjusted claims are determined by using claims due plus the changes in equalization provisions and, if necessary, changes to own funds (accounting approach);  (c) Output is calculated as the sum of costs (i. e., intermediate consumption, compensation of employees, capital costs and other taxes (less subsidies) on production) plus an allowance for “normal profit”.  Retakful  Output is calculated as actual premiums earned less commissions payable plus premium supplements minus both adjusted claims incurred and profit sharing |
| Pension funds (S129) | Defined contribution pension funds  Defined benefit pension funds | Pension fund services | Sum of costs |