



**GLOBAL ISLAMIC BANKING  
EXPERIENCE:  
Financing Modes, Instruments, Services and  
Products**

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## **1- Introduction**

### **Islamic Banking Experience in the Islamic Countries:**

Dubai Islamic Bank was the first commercial bank that conducted its affairs along Islamic lines. It was established by His Excellency Saeed Bin Ahmad Al Lootah in 1975. In the same year, the Islamic Development Bank was established in Jeddah by a decision made by the Conference of Finance Ministers of Muslim countries in 1973. However, the first important international academic activity was marked by the First Islamic Economics Conference which took place in *Makkah al Mukarramah* in 1976. This conference has also led to the establishment of the Islamic Economics Research Centre by King Abdul Aziz University in Jeddah in 1978 as well as the sprouting of many other academic institutions around the world.

Today Islamic banking is no longer considered as an experiment to apply Shariah into the economic lives of Muslims. It is projected that Islamic banking would maintain high growth levels considering its low level of penetration, market potential, high level of demand for *Shariah*-compliant products especially in Muslim countries. With the rise in energy prices in the period between 2003 and 2008 which further enhanced the economic importance of oil-producing Islamic countries, Islamic financial institutions received a further boost. It is noteworthy that presently Islamic finance is systemically important in many countries including Iran, Sudan, Saudi Arabia, Kuwait, and Qatar (Figure 1).

Within the Islamic world, Islamic financial institutions have become major economic players. Five countries dominate Islamic banking: Iran with \$345 billion in Islamic assets; followed by Saudi