

Al-Saudia Virtual Academy

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INTERNATIONAL CREDIT INSTITUTIONS:

FUNCTIONS OF ISLAMIC DEVELOPMENT BANK.

Origin:

In December 1973 conference of Finance Ministers of Muslim Countries held in Jeddah (Saudi Arab). There the declaration of intent was issued and afterwards IDB was established in October 1975.

Capital:

The authorized capital is 2 billion Islamic Dinars. The subscribed and paid-up capital is 1820 million Islamic Dinars and 786.35 million Islamic Dinars respectively.

Objectives:

The banks have the following objectives:

1. To promote international trade among all Muslim countries.
2. To increase the rate of capital formation and development in all Muslim countries.
3. To assist member in technological advancements research and development.
4. To provide financial assistance to members in times of need.
5. To provide finance for rising of living standard in member countries.
6. To help in building financial infrastructure characterized by high saving and investment rate, in member countries.

Management:

The bank is controlled and managed by board of Director and Governors. The board of directors consists of eleven members including a chairman.

Functions:

Following functions are performed by IDB.

1. It provides finances and loans to member countries.
2. It makes investments in capital projects of different countries.
3. It helps in resources mobilization and infrastructure improvement.
4. It provides a channel for the foreign trade among member countries.
5. It actively helps all other bodies or institutions that have been established for the well being Muslim countries.
6. It conducts research work aimed at bringing present day banking system in conformity with the principles of Islam.

IDB and Pakistan:

IDB has greatly helped Pakistan in times of financial crises. It also extended great corporation when Pakistan faced serious problems after testing of Nuclear Devices.

It is hoped that IBD will be able to promote widespread economic growth in the whole Muslim world.