

In the name of God

**The Role of Bank Maskan in the Financing
of the Housing Sector**

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Abstract

Of the key constituents of the housing sector strategy is to recognize channels through which this sector is financed. In the pre-revolutionary era, several financial institutions, most importantly the Mortgage Bank, were established with the aim of financing of the housing sector. In the wake of nationalization of banks in the post-revolutionary era, Bank Maskan was established upon the merger between the Mortgage Bank and some savings and loan institutions (S & Ls) active in this sector.

A review of the fiscal performance of Bank Maskan as of its establishment until 2003/04, considering profitability indices, efficiency and productivity ratios, financial and operational indices, profit and loss accounts, and balance sheets, is indicative of improvement in the profitability status of this bank. This could be traced back to low reserve requirement ratio of the Housing Savings Fund (2 percent) and high share of facilities extended by this bank.

A look into the performance of Bank Maskan in terms of financing of the housing sector through the course of the 1st FYDP (1989/90-1993/94), after taking into account the ratio of civil partnership facilities to private sector investment in new buildings in urban area, is an indicator of a decline in this ratio. This index edged up and stood at 5 percent through the course of the 2nd FYDP and 6 percent in 2003/04.

Overall, despite its benign financial indicators, Bank Maskan, as the sole specialized bank in this sector has not played a significant role in the production of housing, mainly due to the low amount of facilities as compared with the private sector investment in this sector.