GLOBAL TRENDS IN ISLAMIC FINANCE AND THE UK MARKET
About TheCityUK

TheCityUK is the representative body for the UK-based financial and related professional services industry. In the UK, across Europe and globally, we promote policies that drive competitiveness, support job creation and ensure long-term economic growth. The industry contributes nearly 11 per cent of the UK’s total economic output and employs over 2.2 million people, with two thirds of these jobs outside London. It is the largest tax payer, the biggest exporting industry and generates a trade surplus greater than all other net exporting industries combined.
GLOBAL TRENDS IN ISLAMIC FINANCE AND THE UK MARKET

TOP WESTERN CENTRE FOR ISLAMIC FINANCE

1ST

OVER
20 BANKS IN THE UK OFFER ISLAMIC FINANCE SERVICES

5 FULLY SHARIA COMPLIANT BANKS LICENSED

$728 MN
NET ASSETS OF ISLAMIC FUNDS IN THE UK

THE UK WAS THE FIRST WESTERN NATION TO ISSUE A SOVEREIGN SUKUK

65 SUKUK HAVE BEEN LISTED ON THE LONDON STOCK EXCHANGE

=$48 BN

THE GLOBAL MARKET FOR ISLAMIC FINANCE SERVICES INCREASED BY 7.5% IN 2015 TO $2 TRN

THE UK IS THE WORLD’S LARGEST PROVIDER OF ISLAMIC FINANCE COURSES = 69 COURSES
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Islamic finance offers some of the greatest opportunities for the future of our industry’s ecosystem. This report summarises global trends in Islamic finance with a particular focus on the development of the UK market. The industry’s growing importance for Islamic and other investors around the world is evidenced by its strong growth in recent years. Sharia (Islamic law) compliant assets make up only around 1% of the world’s financial assets; yet globally, approximately one in four people are Muslim. Considerable potential therefore exists for expansion of this market.

The UK is the leading Western centre for Islamic finance. It has been at the forefront of key developments, as illustrated by the findings of this report. The number of institutions based in London and across the country that offer Islamic finance services is nearly double the number located in the US and far ahead of other Western countries. Over 20 banks, of which five are fully Sharia compliant, are licensed in the UK. The London Stock Exchange (LSE) is a key global venue for the issuance of sukuk (Islamic bond).

Banks, sukuk issuance and exchange traded products are complemented by world leading professional services support for Islamic finance deals and transactions. Services in the UK are offered by financial intermediaries, asset managers, insurance providers, and over 30 international law, accountancy and consultancy firms.

The UK’s impending exit from the EU offers potential opportunities for the UK-based Islamic finance sector. Islamic finance institutions and Muslim investors specifically use the UK as an investment destination and a base for business operations, rather than considering the UK as a gateway to the rest of the EU, as is the case for many other investors. Moreover, falling UK real estate prices and the depreciation of the sterling over 2016-17 has created more favourable conditions for foreign real estate investors to buy UK assets – including Muslim investors who may require Islamic financing. The reduction of EU funding for UK infrastructure may encourage greater use of Islamic finance instruments to fill the gap.

There is a growing global demand for skills as Islamic finance expands. British institutions are at the forefront of providing academic and professional qualifications for the global industry. The UK is the leading centre of Islamic finance education and training with four professional institutions and 69 Islamic finance courses on offer.

The government, regulators and our industry should continue to work together, not just to grow the sector and maintain the UK’s pre-eminent position in Islamic finance, but also to become a leading player in setting international Sharia compliant standards. Major developments such as the UK sovereign sukuk, the first outside the Islamic world, and other UK government initiatives to create a level playing field for Islamic institutions and their clients have been welcome. We look forward to continuing our work with the UK government to encourage inward investment via Islamic finance and associated services; to use our interactions with other governments and international business to facilitate growth and job creation; and to build on the advantage we have as the leading Western centre for Islamic finance.

Miles Celic
Chief Executive Officer, TheCityUK
The UK Islamic finance market

- The UK’s profile as the leading Western centre for Islamic finance has grown in recent years, although institutions in London and other UK cities have been providing Islamic finance and related professional services for nearly 40 years.
- The latest Islamic Finance Development report (2016) by the Islamic Corporation for the Development of the Private Sector (ICD) and Thomson Reuters ranks the UK 22nd out of 124 countries in terms of its overall Islamic finance offering. This puts it in first place in Europe, and fourth among non-Muslim-majority nations (after Singapore, Sri Lanka and South Africa).
- The number of institutions located in the UK that offer Islamic finance services is nearly double the number located in the US and far ahead of other Western countries. Assets of UK-based institutions that offer Islamic finance services totalled more than $5bn in 2016.
- Islamic finance plays a significant role in infrastructure development in the UK. This includes development finance for The Shard, Battersea Power Station regeneration, London Gateway, the Olympic Village and the redevelopment of Chelsea Barracks. Over 6,500 homes in the North West and the Midlands are currently being financed by a £700m investment by Gatehouse Bank, a fully Sharia compliant bank. Current trends suggest that the role of Islamic finance in funding infrastructure development will continue to grow in the years ahead.
- An important feature of the development of the UK as a centre for Islamic finance has been a range of supportive government policies over the last decade which have created a fiscal and regulatory framework intended to broaden the market for Islamic finance products. This includes the removal of double tax and extension of tax relief on Islamic mortgages and the reform of arrangements for issues of debt. The Islamic finance sector operates under legislation that applies to all sectors – hence, there is a level playing field for both Islamic and conventional financial products.

The Islamic finance retail market has developed in recent years with the launch of a series of Sharia compliant products, including individual savings accounts, home purchase plans, a Sharia compliant pension scheme and business start-up financing. The government is also developing Islamic student financing.
- There are currently five fully Sharia compliant banks licensed in the UK, which puts it ahead of other Western countries. Total Sharia compliant banking assets in the UK were around $4.5bn in 2016. There are also a number of conventional banks that provide Islamic finance services from a UK base. In total, over 20 banks in the UK offer Islamic finance services. This substantially exceeds the number in any other Western country or offshore centre and is nearly double the number in the US.
- The UK was the first Western nation to issue a sovereign sukuk. In 2014, the UK government sold £200m of sukuk, maturing in 2019, to investors based in the UK and in major global hubs for Islamic finance. The UK’s first sovereign sukuk was oversubscribed with very strong demand and orders totalling around £2.3bn.
- The LSE is a key global venue for the issuance of sukuk. To date a total of 65 sukuk have been listed on LSE with a total value of $48bn.
- Net assets of Islamic funds in the UK amount to $728m. A total of seven Sharia compliant exchange traded funds (ETFs) are listed on the LSE.
- The UK is a Western leader in supporting infrastructure and environment for Islamic finance. Services in the UK are offered by financial intermediaries, asset managers, insurance providers and over 30 international law, accountancy, and consultancy firms.
- There is a growing demand for skills as Islamic finance expands. The UK is by far the world’s largest provider of Islamic finance education, offering 69 courses.

The global Islamic finance market

• The global market for Islamic finance services, as measured by Sharia compliant assets, increased by 7.5% year on year in 2015 to a record $2trn. Global assets of Islamic finance grew by 18% during the period 2012-2015. According to the ICD-Thomson Reuters Islamic Finance Development Report 2016, the market is expected to top $2.7trn by the end of 2018, and $3.5trn by 2021. Recent key trends in the industry include landmark debut sukuk issuances by governments and the expansion of Islamic finance into more countries.

• Considerable potential exists for the expansion of Islamic finance. The global Muslim population numbering roughly 1.8bn accounts for approximately a quarter of the global population, but Sharia compliant assets make up around 1% of the world’s financial assets.

• Banking, which accounts for 73% of Islamic finance assets, and sukuk (17%), represent forms of Islamic finance that are most well established. The remainder are made up of funds (3%) and takaful (2%).

• Global Islamic banking assets totalled $1.5trn at the end of 2015, up 7.5% year on year. The industry’s assets remain concentrated in the Middle East region and a few Asian countries. Assets of Islamic funds and takaful also reached new highs in 2015, at $66bn and $38bn respectively.

• The sukuk market is the most rapidly growing Islamic finance sector, having expanded by 16% year on year to reach $342bn in assets at the end of 2015. However, compared to the conventional bond market, the sukuk market is still relatively small.

• More countries are looking to expand their Islamic finance offering. New Islamic finance institutions in recent years have been reported in a number of countries including: Australia, Nigeria, Oman, Pakistan and Russia. Leading countries for Islamic finance should also provide fertile ground for future growth of the industry.

• The UK government recognises the important role that Islamic finance plays in the wider economy. As the leading Western centre for Islamic finance, the UK is well positioned to capture a growing share of Islamic finance business in the coming years.
Market share and growth trends in key sectors

The UK’s position as the leading Western centre for Islamic finance has grown in recent years, although institutions in London and other UK cities have been providing Islamic finance and related professional services for nearly 40 years. As the industry has developed, the breadth of Islamic products and services offered in the UK has grown and is increasingly competing with offerings of conventional financial institutions.

According to the latest ICD-Thomson Reuters Islamic Finance Development Report (2016), the UK is ranked 22nd out of 124 countries in terms of its overall Islamic finance offering. This puts it in first place in Europe, and in fourth place among non-Muslim-majority nations (after Singapore, Sri Lanka and South Africa). Its score of 15 compares to a global average of 8.8. The rankings take into account quantitative development of the sector, Islamic finance educational institutions, governance, corporate social responsibility and awareness. The UK’s highest category score was in governance.

The number of institutions based in the UK that offer Islamic finance services is more than double the number located in the US and far ahead of other Western countries. Assets of UK-based Islamic finance institutions totalled more than $5bn in 2016.2

Islamic finance plays a significant role in infrastructure development in the UK. This includes, for example, development finance for The Shard, Battersea Power Station regeneration, London Gateway, the Olympic Village and the redevelopment of Chelsea Barracks. Over 6,500 homes in the North West and the Midlands are currently being financed by a £700m investment by Gatehouse Bank, a fully Sharia compliant bank.

Figure 1: Islamic finance development indicator (IFDI) in selected countries

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<tr>
<th>Source: ICD – Thomson Reuters</th>
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<td>IFDI Index score</td>
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<th>Global leaders</th>
<th>IFDI Index score</th>
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<td>Malaysia</td>
<td>123</td>
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<td>Bahrain</td>
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<td>United Arab Emirates</td>
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<th>Non-Muslim-majority countries</th>
<th>IFDI Index score</th>
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<td>Sri Lanka</td>
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<td>South Africa</td>
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<td>Philippines</td>
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| Global average                | 8.8             |

An important feature of the development of the UK as a centre for Islamic finance has been a range of supportive UK government policies which have created a fiscal and regulatory framework intended to broaden the market for Islamic finance products. This includes, for example, the removal of double tax and extension of tax relief on Islamic mortgages and the reform of arrangements for issues of sukuk. The Islamic finance sector operates under legislation that applies to all sectors – hence, there is a level playing field for both Islamic and conventional financial products.

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The Islamic finance retail market has developed in recent years with the launch of a series of Sharia compliant products including individual savings accounts, a Sharia compliant pension scheme and business start-up financing. Islamic finance is also offering alternatives to conventional bank-issued mortgages. Home purchase plans (which are like mortgages but consistent with the principles of Islamic finance) are an example.

The Islamic finance industry in the UK has benefitted from the depth and breadth of the conventional financial and related professional services industry. In addition, a concentration of intermediaries that facilitate services to Islamic institutions helps enable interbank and capital-market functioning, thereby contributing to the UK’s competitive advantage in this sector. London is the leading international centre for financial and related professional services and this is another reason why Islamic finance institutions have chosen to locate in the UK. London has the leading share of trading in many international financial markets, including foreign exchange and over-the-counter derivatives trading, international bank lending, and international insurance. London and the wider UK is also Europe's premier centre for management of sovereign wealth funds, hedge funds and private wealth.

Islamic finance has shown resilience at a time when conventional banking in Western countries has been under pressure. The UK government considers this vibrant and rising sector “of vital importance to the success and prosperity of the United Kingdom.” As the leading Western centre for Islamic finance, the UK is well positioned to capture a growing share of global Islamic finance business in the coming years.

### KEY FEATURES OF THE UK ISLAMIC FINANCE INDUSTRY

The UK is a global centre for Islamic finance. Key features of UK Islamic finance:

- The UK offers one of the most attractive regulatory and tax systems for Islamic finance anywhere in the world. The success of the UK’s sovereign sukuk in 2014 was a significant milestone in the development of the UK and global Islamic finance industry.
- Over 20 banks offering Islamic finance services, of which five are fully Sharia compliant, are located in the UK. This is substantially more than in any other Western country. Additionally, many foreign banks access Islamic finance through the London markets or London-based teams for specific initiatives (treasury, trade finance, property finance, agency desks for corporate financing/lending).
- The depth and breadth of London’s capital markets, which provides companies and issuers of financial products with access to a wide pool of investors and secondary market liquidity.
- The LSE, which is a key global venue for the issuance of sukuk. To date over $48bn has been raised through 65 issues. Seven ETFs are also quoted on the LSE. The LSE also launched its Islamic Finance Market Index in 2013.
- The fact that London is home to over 200 international law firms. TheCityUK estimates at least 25 of these firms, including major global partnerships, have established dedicated Islamic finance units. The majority of Islamic contracts governed are by English law.
- The UK’s largest accounting, consulting and professional service firms all have Islamic finance departments providing trusted advisory services to UK and international clients.
- Qualifications in Islamic finance are offered by four professional institutes and the UK offers 69 Islamic finance courses.
- The use of Islamic finance for major infrastructure projects in London and across the UK. Current trends suggest that the role of Islamic finance in funding infrastructure development will continue to grow in the years ahead.

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Banking

Islamic retail banking began in the UK in the 1990s when corporations from the Gulf Cooperation Council (GCC) introduced Islamic mortgages (based on the murabahah principle) and offered mortgage financing (based on the ijarah principle) shortly thereafter.

There are currently five fully Sharia compliant banks licensed in the UK. Total Sharia compliant banking assets were around $4.5bn in 2016.\(^4\) There are also a number of conventional banks that provide Islamic finance services from a UK base. In total, over 20 banks in the UK offer Islamic finance services.\(^5\) This substantially exceeds the number in any other Western country or offshore centre, and is nearly double the number in the US.

- Al Rayan Bank is a retail bank and the only Islamic bank with a high street presence having five branches and around 60,000 customers. The bank offers a wide range of Sharia compliant financial products in the UK.

- The Bank of London and The Middle East (BLME) is an independent wholesale Sharia compliant UK bank based in London. BLME’s offering spans corporate banking, treasury and wealth management that comprises private banking and asset management.

- Qatar Islamic Bank (QIB) UK, a UK subsidiary of QIB, offers a range of Sharia compliant financing and investment products for both Islamic and non-Islamic clients alike. It provides Sharia compliant investment banking services including trade finance, private equity and asset management to clients ranging from high net worth individuals to sovereign wealth funds and other institutional investors.

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• Gatehouse Bank is a Sharia compliant wholesale investment bank operating in capital markets, real estate, asset finance, treasury business and Sharia advisory services. The bank manages $1.2bn real estate assets globally. In June 2017, the bank and Columbia Threadneedle announced that they would launch the Threadneedle (Lux) – Gatehouse Shariah Global Equity Fund.

• Abu Dhabi Islamic Bank (ADIB) is pursuing an ambitious growth strategy. ADIB already operates a large branch network in the Middle East, in Egypt, Iran, Saudi Arabia and Qatar. ADIB UK limited was established to bring the bank’s services to clients in the UK – the only country outside the Middle East where ADIB has operations.

The Islamic Investment Bank (IIB) European Investment Company, now part of Rasmala and formerly the European Islamic Investment Bank (EIIB), has its headquarters in London. It is authorised as an investment firm rather than a bank. It offers its customers Sharia compliant treasury and capital markets, asset management, private banking, trade finance, correspondent banking, and advisory and corporate finance services.

A long standing challenge faced by the Islamic banking sector is its ability to ensure its banks have sufficient liquidity due to the limited stock of assets Islamic banks can hold, that are both high quality and Sharia compliant. In 2016, the Bank of England published a consultation paper with the aim of establishing Sharia compliant central bank liquidity facilities.

**Sukuk**

Sukuk are issues of Islamic notes that are compliant with Sharia law and are an alternative to conventional bonds. Sharia law prohibits the payment or receipt of interest while allowing financing for trading in or the construction of specific and identifiable assets.

The sukuk market is an essential part of the Islamic finance market, and London as a major centre for international bonds is an important centre for the issuance and trading of sukuk.

The UK was the first Western nation to issue a sovereign sukuk. In 2014, the British government sold £200m of sukuk – maturing in 2019 – to investors based in the UK and in major global hubs for Islamic finance. Britain’s first sovereign sukuk was heavily oversubscribed with very strong demand and orders totalling around £2.3bn.

Allocations were made to a wide range of investors including sovereign wealth funds, central banks and domestic and international financial institutions.

The sukuk was structured on the basis of an al ijara contract, and was underpinned by three central UK government properties and was listed on the LSE, which introduced an Islamic index in 2013. The LSE is a key global venue for the issuance of sukuk. To date a total of 65 sukuk have been listed on LSE with a total value of $48bn. There are also Sharia compliant institutions quoted on the Alternative Investment Market (AIM).

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**Figure 2:** Active sukuk listings at the LSE

Source: LSE
THE UK GOVERNMENT STRATEGY FOR THE DEVELOPMENT OF ISLAMIC FINANCE IN THE UK

Sukuk
The Main Market and the Professional Securities Market are the two avenues for Islamic fundraising on the LSE. Compared with the Main Market, the Professional Securities Market offers less strict regulatory requirements, allowing issues of debt securities and sukuk to be more flexible. More specifically, the issues are only governed by the rules of domestic Generally Accepted Accounting Principles (GAAP), but do not have to follow the requirements of International Financial Reporting Standards (IFRS). Unlike other major exchanges, the LSE does not charge an annual fee to issuers, making the listing venue competitive and cost efficient.

Islamic Index ETFs
There are seven Sharia compliant ETFs tracking Islamic indices in the LSE. Although ETFs trade like single shares, investors can use them to access and invest into country and sector indices without purchasing each of the constituent stocks, indicating the index tracking funds offer benefits of cost efficiency.

Key milestones for the LSE have included the GE Capital sukuk in 2009, the first listed sukuk by a US corporate, and the Kuveyt Turk sukuk, the first by a European bank. The first UK corporate sukuk was issued in 2010 by International Innovative Technologies (IIT). In April 2017, the Islamic Development Bank issued its sukuk on the LSE, raising $1.25bn. This is the largest sukuk bond issuance to date.

One of the UK government’s objectives in issuing the sukuk was to bring Islamic finance into the mainstream. By showing that a sterling sukuk was viable it encouraged acceptance of sukuk as an asset class by investors who might not previously have considered it.

In 2014, the UK government announced that UK Export Finance was planning to provide Sharia compliant support for UK exporters. Shortly afterwards, the UK government-backed export credit guarantee agency underwrote its first sukuk, providing cover for a $913m sukuk issued by Dubai’s Emirates Airline.

Islamic financing activities started in the UK in the 1980s. Wholesale liquidity of Islamic banks was placed through banks located in London. These banks utilised metals made available by member firms of the London Metal Exchange (LME) as physical asset support for the liquidity management transactions. The LME continues to be an important avenue for the growth of Islamic finance globally. It is a leading metal exchange, and a significant volume of liquidity management transactions concluded by Islamic finance institutions are supported by metals on LME warrant.
Funds
The UK is one of the largest markets in the world for fund management. It has a strong international orientation and attracts significant overseas funds. The global fund management industry continues to expand as an emerging global middle class lives longer, saves for the future and wants to invest. UK-based firms operate in one of the most open markets in the world for fund management and are in a prime position to gain new international business.

According to the latest ICD-Thomson Reuters Islamic Finance Development Report (2016), net assets of Islamic funds in the UK amounted to around £728m as of the end of 2015. A total of seven Sharia compliant ETFs are listed on the LSE. BLME launched the first Sharia compliant fixed income fund in 2009 and it remains the only Sharia income fund that is rated ‘A’ by Moody’s, an international rating agency.

The UK has consolidated its position as the leading global centre for the management of funds on behalf of overseas clients in recent years. This has been one of the key reasons why many Islamic finance institutions have chosen the country as their base of operations. More than a third of total funds managed in the UK, or some £2.2trn, come from overseas clients.6 The UK government is committed to ensuring the country remains an open and competitive market for international investment.

PRINCIPLES AND DEVELOPMENTS OF ISLAMIC FINANCE

Principles
The underlying financial principles in Islamic finance have remained unchanged historically since their development over 1,400 years ago. Financial products must be certified as Sharia compliant by an expert in Islamic law. Certification requires that the transaction adheres to a number of key principles that include:

• Backing by a tangible asset, usufruct or services, so as to avoid ‘speculation’ (gharar). Prohibition of interest payments (riba).
• Risk and return to be shared among participants.
• Limitations on sale of financial assets and their use as collateral.
• Prohibition of finance for activities deemed incompatible with Sharia law (haram), such as alcohol, conventional financial services, gambling and tobacco.

Modern development
Modern Islamic finance emerged in the mid-1970s with the founding of the first large Islamic banks. Development initially occurred through marketing of a steadily expanding supply of Sharia compliant financial instruments. This supply-driven model contributed to relatively slow growth until the mid-1990s. Since then demand has increasingly driven the development of Islamic finance instruments.

In 1990, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) was created to establish industry accounting and auditing standards. The 1990s saw a diversification of potential avenues for Islamic banking. Rising awareness and demand for Islamic products, along with supportive government policies and growing sophistication of financial institutions, have together raised the rate of growth.

The 2000s were the most important decade in global Islamic banking. This is due to the emergence of sukuk and other structured Islamic finance assets along with the proliferation of developing capital markets. Islamic banking has innovated increasingly more sophisticated Islamic finance instruments in recent years capable of greater flexibility and agility in liquidity management.

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THE ROYAL MINT EXPANDS CHOICE FOR BULLION INVESTORS WITH SHARIAH STANDARD ON GOLD FOR ITS BULLION PRODUCTS

The Royal Mint, manufacturer of the UK’s coins, recently became the first mint in the world to achieve compliance with the Shariah Standard on Gold for its bullion products – a move that the organisation sees as the next logical step in its strategy to be seen as the ‘complete bullion solution’. The compliance currently encompasses The Royal Mint’s gold and silver bullion coins and bars that are available 24 hours a day to investors via trading platform www.royalmintbullion.com, and includes Signature Gold™ – the service that enables investors to own fractions of a 400oz gold bar based on value rather than weight. In order to achieve compliance with the Shariah Standard on Gold for its bullion products, The Royal Mint has been working with the Shariah Supervisory Board of Amanie Advisors. The Shariah Standard on Gold was set by the AAOIFI and developed in cooperation with the London-based World Gold Council (WGC). The Shariah Standard on Gold sets out guidelines on the marketing of gold and silver in financial and investment transactions for Islamic finance institutions and investors.

Since the announcement of the new status Royal Mint Bullion has been working with private banks, Islamic banks and wealth management companies across the world to build brand recognition and awareness of The Royal Mint’s Shariah compliant products in global markets.

“In 2014 the World Gold Council identified that there was the potential for £4bn latent demand for gold investment within the UK, so our aim has been to encourage the British public to become bullion investors by making Royal Mint Bullion as accessible as possible,” explains Chris Howard, The Royal Mint’s Director of Bullion.

“Shariah compliance is the latest stage in our plans, and makes Royal Mint Bullion suitable for an even wider variety of investors at a time when Islamic investment is experiencing rapid growth in the UK and worldwide.”

The Royal Mint is now working with financial institutions to enable their clients to invest in physical gold products as part of their portfolio, utilising a bullion platform already used by some of the largest wealth managers in the US, including UBS and Merrill Lynch. Easy to use and extremely secure, it enables financial institutions to buy, store and sell gold and silver bullion at constantly updated prices directly from The Royal Mint as easily as trading an equity or bond, and all in a Shariah compliant process. Gold products can be physically delivered or stored in the Mint’s vaults, guarded 24 hours a day by a highly trained, professional, ex-military security team.

Later in 2017 The Royal Mint will also be bringing to market a new way to invest in, and digitally trade, physical gold bullion. A new company, RM Assets Limited, has been set up in readiness for the launch of Royal Mint Gold (RMG), The Royal Mint’s new FinTech product, adding yet another Shariah compliant product to its ‘Complete Bullion Solution’ portfolio.

Summing up the opportunities that Shariah compliance is likely to open up for The Royal Mint, Chris Howard says, “The growth in Islamic investment globally, and the clarification of how gold and silver can be included within it, could drive upwards of $20bn of investment in gold over the coming years. This is a great time for The Royal Mint to be playing its part in attracting Islamic investment to the UK, by securing Shariah compliant status for its bullion products.”
Takaful

Similar to mutual insurance, takaful is a risk sharing entity that allows for the transparent sharing of risk by pooling individual contributions for the benefit of all subscribers.

With the launch of the Islamic Insurance Association of London (IIAL) in 2015, the UK set the stage to play a more active role within the global takaful market. ING, Cobalt Underwriting, DAC Beachcroft, Clyde & Co, NDI Takaful & Retakaful, and Norton Rose Fulbright are members of IIAL, while Lloyd’s of London, the International Underwriting Association of London and BSA Ahmad Bin Hezeem & Associates are IIAL partners. IIAL was launched to support the work of those in the UK insurance/reinsurance markets that are transacting Islamic finance. As one of the largest insurance markets in the world, and the leading global centre for wholesale insurance and reinsurance, the UK has the potential to support the growth of takaful business in the coming years.

London is the pre-eminent home of speciality underwriting capacity and expertise. It also has a reputation and history for innovation, both in product design and approach. The UK takaful sector has been gathering pace recently; after receiving in-principle approval in 2016, Cobalt Insurance and Capita Managing Agency are in the process of launching Cobalt Syndicate 1438, Lloyd’s of London’s first fully Shariah compliant syndicate. Prior to this, Willis, in conjunction with Cobalt Underwriting, launched the UK’s first Shariah compliant commercial real estate insurance solution. Lloyd’s of London opened an office in Dubai in 2015.

Fintech

As the Western centre for Islamic finance and also a leading global centre for fintech, Islamic fintech has been expanding at a rapid pace in the UK. For example, alternative finance is becoming more popular as a complement to traditional mortgages offered by banks to fund properties. According to Islamic Finance News (IFN), a UK-based Islamic real estate crowdfunding platform, MercyCrowd, which already has UK and United Arab Emirates (UAE) offices, is planning to establish a branch in Asia (Malaysia or Singapore).

Other examples of UK-based Islamic fintech firms include the following:

- **Yielders** is an Islamic fintech firm focusing on property investment. It is the first Shariah fintech company to receive full approval from the Financial Conduct Authority. The platform allows lenders to invest as little as £100 into the UK property market.
- **Ummah Finance** is expected to become the first fully digital UK-based Islamic bank in 2018. The company’s goal is to improve and transform the way Muslims participate in the UK banking system.

Supporting infrastructure and environment

The UK has an extensive pool of expertise offered by one of largest concentrations of legal, regulatory and tax specialists in the world.

**Law firms.** The UK is a major global provider of the specialist legal expertise required for Islamic finance. It is home to over 200 international law firms. TheCityUK estimates at least 25 of these firms, including global partnerships, have established a dedicated Islamic finance capability. The majority of Islamic contracts are governed by English law which provides a flexible framework for traditional Islamic financing structures. It also gives the parties confidence that their agreements will be enforced by the courts.

**Other professional services firms.** The major professional services firms, including PwC, KPMG, EY, Deloitte and Grant Thornton – have each established Islamic finance teams in London providing specialist services including advice on tax, listings, transactions, regulatory compliance, management, operations and IT systems.

**Education and skills.** There is a growing global demand for skills as Islamic finance expands and UK institutions are at the forefront of providing academic and professional qualifications for the global industry. The global Islamic finance sector also needs research and peer-reviewed journals in order to discover and develop solutions to problems, create new products and services, and bring knowledge and depth to the business.

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In absolute numbers, the UK is by far the largest provider of Islamic finance courses and degrees in the world. With 69 courses offered as of 2016, it is ahead of both Malaysia (60) and Indonesia (60). In terms of the total number of published research papers between 2013 and 2015, the UK (with 160 published research papers), is second only to Malaysia (833).

Courses in Islamic finance are offered by the Chartered Institute for Securities and Investment (CISI), Chartered Institute of Management Accountants (CIMA), Association of International Accountants (AIA) and the Institute of Islamic Banking and Insurance (IIBI). Many universities and business schools offer an Islamic-based MBA or similar qualification.

The Islamic Finance Council UK has developed a Scholar Professional Development Programme in conjunction with CISI. The objective of the course is to teach conventional finance to Sharia scholars worldwide. Partners for this programme include the Central Bank of Bahrain and the International Sharia Research Academy for Islamic Finance (ISRA) that is backed by Bank Negara Malaysia (BNM), that country’s central bank.

In terms of Islamic finance courses and degrees, the UK has outpaced the centres of Islamic finance among Muslim-majority countries in recent years. Universities and institutions located in the country are increasingly opening their doors to Islamic finance degrees and courses, as the UK works towards maintaining its position as the leading provider of Islamic finance education not only in the Western world but also globally.
ISLAMIC FINANCE EDUCATION IN THE UK

Islamic finance foundation courses are available at many different levels:

- **CISI** – The Islamic finance qualification provides a basic introduction to Islamic finance instruments and how they are applied in different segments of the financial industry. Although the course does not have any prerequisites, it is most suited to candidates with a background (educational or work experience) in finance.

- **CIMA** – Courses are available at different levels covering certificates, a diploma and an advanced diploma. The certificates are designed for candidates new to Islamic finance, with the Advanced Diploma being the highest level. The diploma is awarded upon completion of all four certificates.

- **IIBI** – A variety of certificates, diplomas and post graduate diploma courses are offered by IIBI in combination with a number of events and workshops. IFS School of Finance appears to be among the few offering an undergraduate level course. Their offering consists of two modules ‘Foundation in Islamic Banking and Finance’ and ‘Practice of Islamic Banking and Finance’. Both are level four modules and can be taken in combination with other modules as part of the Professional Certificate in Banking.

**Takaful**

- **CIMA** – Courses are available at different levels covering certificates, a diploma and an advanced diploma. A specific certificate in banking and takaful is among the offerings.

- **IIBI** – A variety of certificates, diplomas and post graduate diploma courses are offered by IIBI which includes a specific takaful module.

**Sukuk**

- **CIMA** – Courses are available at different levels covering certificates, a diploma and an advanced diploma, including a specific certificate in Islamic capital markets and instruments.

- **IIBI** – Advanced Diploma in sukuk – a course designed for those already working in the Islamic finance sector who wish to obtain a sound grasp of both Sharia rules as they apply to securitisation and the structuring of sukuks.

**Postgraduate research**

- Many UK-based universities offer Islamic studies as part of their curriculum, generally in the areas of law, Islamic studies (religion and civilisation), and economics. Islamic finance is typically offered as a module within the business schools and not as an individual programme. The most well-known for offering Islamic finance is the University of Durham (School of Government and International Affairs), which also conducts a summer school and has many doctoral students in the field. In addition, both Oxford and Cambridge offer Islamic studies, although this is more in the field of law and politics than in finance.

- The School of Oriental and African Studies offers a variety of Islamic finance related courses at all levels, although their focus is, again, more on law. However, the breadth of the programme appears suitable for those aiming to become, for example, an in-house Sharia expert.

- Newcastle, Reading (International Capital Markets Association (ICMA) Centre at the Henley Business School), Westminster and the University of East London are among the universities offering Islamic law. The University of East London also has an Islamic Banking and Finance Centre. The ICMA Centre offers a Masters level programme in conjunction with International Centre for Education in Islamic Finance of Malaysia.

**Islamic finance for accountants**

- **CIMA** – Courses are available at different levels covering certificates, a diploma and an advanced diploma, including a specific certificate in accounting for Islamic finance institutions.

- **IIBI** – The Institute is cooperating with AAOIFI – an international standard setting body for the Islamic finance sector based in Bahrain – on its Certified Islamic Professional Accountant programme in the UK.

- **Islamic Scholar Development** – The Islamic Finance Council in cooperation with the CISI has developed a Scholar CPD Programme designed to enhance their comparative understanding of conventional versus Islamic finance.
THE GLOBAL ISLAMIC FINANCE MARKET

Market size

The global Islamic finance market has grown rapidly in recent years. ICD and Thomson Reuters estimate that the global market for Islamic finance services, as measured by Sharia compliant assets, totalled around $2trn at the end of 2015, up 7.5% on the previous year (Figure 5).

Global assets of Islamic finance grew by 18% during the period 2012-15. Key developments in the industry in 2015-16 include Oman’s launch of its debut sukuk, Kuwait’s establishment of sukuk rules, and the introduction by Bursa Malaysia of the first end-to-end sharia investing platform. In Europe, Belgium and Luxembourg launched an Islamic Finance Diploma, and Germany opened its first Islamic bank, KT Bank.

Industry assets are set to continue to increase in the years ahead, underpinned by domestic demand in emerging economies. According to the ICD Thomson Reuters Islamic Finance Development Report 2016, the market is expected to top $2.7trn by the end of 2018, and $3.5trn by 2021. The GCC region accounted for the largest proportion of Islamic finance assets at the end of 2015 as the sector is slowly gaining mainstream relevance in most of its jurisdictions (Figure 6). The region represented around 46% of global Islamic finance assets and was followed by the Middle East and North Africa (MENA) region (excluding GCC) with 24% and Southeast Asia (23.6%). There are more than 1,300 institutions registered globally as Sharia compliant organisations in financial services.

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Figure 5: Global assets of Islamic finance ($bn)

Source: ICD – Thomson Reuters

Figure 6: Islamic finance assets by region and by the percentage of the global total

Source: ICD – Thomson Reuters

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The growing reach of Islamic finance offers a number of possible benefits. Aspects of Islamic finance practice may reduce its exposure to unanticipated events in the conventional financial sector. The system promotes proactive control over financing arrangements that introduce leverage – preferring where possible equity-based alternatives on a risk-shared basis that better support economic growth.

Moreover, the growing sophistication of Islamic finance means that it can generate new ways of catering to the development needs of Muslim countries, in collaboration with conventional finance or independently.

In particular, there is significant potential for Islamic finance services to foster greater financial inclusion of the Muslim population. Large segments of the global Muslim population are currently under-serviced by conventional finance – only 24% of adults have a bank account and 7% have access to formal financing. Some of this under-serving may be driven by the relatively limited penetration of Islamic finance among populations who, for religious reasons, may be unwilling to use conventional financial services. While the demand for Islamic finance products is growing, data from the Global Islamic Finance Report 2017 show that over 80% of Muslims currently have no access to Sharia compliant banking.9

Globally, the Muslim population is forecast to grow at about twice the rate of the non-Muslim population over the next two decades. If current trends continue, Muslims will make up 26.5% of the world’s total projected population of 8.3bn in 2030, up from 23.2% of the estimated 2010 world population of 6.9bn, highlighting the growth potential of Islamic finance.10

Broadening geographical customer base for Islamic services. The market is currently most developed in Malaysia, Saudi Arabia, Iran and the majority of countries that form the GCC. In terms of assets, outside the Muslim world, the market is most developed in Switzerland, the UK, Hong Kong and the US. The customer base in Western countries is not necessarily restricted to Muslims; other customers may be attracted by the ethical basis of Islamic finance.

Indonesia has the largest Muslim population in the world (209m), followed by India (176m), Pakistan (167m) and Bangladesh (134m). These four countries account for 43% of the worldwide Muslim population and remain fertile ground for future growth.11 Islamic finance is, however, moving beyond its historic boundaries into new territories. Markets where Islamic finance is developing include:

- Other countries in the Middle East and Africa such as Turkey, Sudan, Morocco, Egypt, Jordan and Nigeria.
- Other Asian countries such as Singapore and China.
- Developed countries such as Luxembourg and Australia, which are developing as centres for Islamic finance. The US, France, Germany and the UK each have indigenous Muslim populations of up to 5m; Russia has the largest in Europe with 16.5m. Although Islamic finance assets are still primarily in the GCC countries, engagement with the industry, particularly with sukuk in the UK, South Africa, Luxembourg and Hong Kong is important for further growth and development of the industry.

While scope for development of the Islamic finance market exists in Western countries, an appropriate legal and regulatory structure needs to be designed and implemented in many countries. The industry still generally lacks economies of scale, and operates in an environment which often does not appropriately take into account the specific characteristics of Islamic finance.

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11 Ibid.
Growth trends and industry activity

Islamic finance encompasses a wide range of services. Banking, which accounts for nearly 73% of Islamic finance assets, and sukuk (17%) represent the forms of finance that are most well established. Funds (3%) and takaful (2%) account for most of the remainder (Figure 9). More niche products which may have scope for future development include private equity and private wealth management.
Banking

The Islamic banking sector consists of all institutions licensed as banks operating in a Sharia compliant manner, including investment, retail, wholesale and specialised banks. As a result of the prohibition on interest, Islamic banks are funded by non-interest bearing current accounts as well as profit-sharing investment accounts where investors receive a return that is determined by the profitability of the bank or the pool of assets financed by these accounts. Banks do not engage in lending, but in sales, lease, profit-and-loss-sharing financing, and fee-based services. Islamic banks are prohibited by nearly all jurisdictions from undertaking certain types of derivatives, such as foreign exchange forwards and futures.

Islamic finance has grown rapidly over the past decade, and its banking segment has become systemically important in a number of countries across Asia and the Middle East. Global Islamic banking assets totalled $1.5trn at the end of 2015, an increase of 7.5% year on year. Full Islamic banks account for around 82% of assets, with the remainder accounted for by conventional banks that offer Islamic finance services.

Despite the steady growth in recent years, Islamic banking still represents only a tiny proportion of global banking assets. However, Muslim populations without access to Islamic finance, as well as a lack of engagement in some financial industries, leaves a large amount of potential for Islamic banking to grow.

Commercial banks account for the majority of assets, while investment banks made up most of the remainder. The industry’s assets remain heavily concentrated in the Middle East and a select few Asian countries. Growth rates are expected to remain relatively high, as the Islamic banking sector expands in major markets such as Saudi Arabia, Kuwait, Qatar, Malaysia and the UAE.

In the first half of 2016, Iran accounted for 33% of global Islamic banking assets with Saudi Arabia (21%) and Malaysia (9%) ranking second and third. The extent of the industry’s penetration varies substantially. In Iran and Sudan, all banking sector assets are Sharia compliant.
In addition, Islamic banking has now achieved systemic importance (at least 15% market share of total banking assets) in ten other countries: Brunei, Saudi Arabia, Kuwait, Yemen, Qatar, Malaysia, the UAE, Bangladesh, Djibouti and Jordan. However, penetration in other countries is more limited with Islamic banking accounting for around 5% of total banking assets in countries such as Afghanistan, Turkey, Tunisia, Indonesia and Maldives (Figure 10).12

Islamic banks are growing more quickly than their conventional counterparts in most major markets. EY expects that the annual growth rate of Islamic banking will be 14% over the 2015-20 period.13 Banks that offer Islamic finance services are increasingly looking to enhance their positions in faster growing regions of the Middle East, Asia and Africa. Offering products that are competitive on price and service could help to generate business not only from Muslims with a preference for Sharia compliant services, but also from Muslims and other customers that currently use conventional banking services.

The specific characteristics of Islamic banking have been addressed by specialised Islamic standard-setting bodies. The industry has two key standard setters: the AAOIFI, established in 1990, for Sharia accounting and auditing standards, and the Islamic Financial Services Board, set up in 2002, for regulatory and supervisory standards. These institutions have developed a wide range of technical standards and guidance notes. However, application of these standards is not uniform across countries.

The International Islamic Financial Market (IIFM) is the international Islamic finance markets organisation founded in 2002. IIFM’s primary focus lies in the advancement and unification of Islamic finance documents, structures, contracts, instruments, infrastructure and recommendations for the enhancement of the Islamic Capital & Money Market (ICMA). IIFM has developed working groups and initiatives with a number of global capital market associations including the International Swaps and Derivatives Association (ISDA) and ICMA.

Sukuk

The sukuk sector has in recent years emerged as an increasingly important element of the Islamic finance landscape. The market has drawn growing interest from sovereigns, multilateral institutions, and multinational and national corporations. The sector has played an important role in infrastructure financing and has been utilised for both public and private projects.

The outstanding value of sukuk has expanded strongly in recent years, reaching $342bn at the end of 2015 (Figure 13). Demand is generally outstripping supply, leading to oversubscription on most issuances and lower yields.

The sukuk universe has been growing in terms of standardisation and the introduction of longer tenors and new structures which has permitted larger issues. Other factors contributing to growth include: growing familiarity of global investors with sukuk instruments; increasing Islamic investment liquidity looking for sukuk; and growing retail and corporate demand for Islamic finance services.

The sukuk market has overtaken Islamic banking as the most rapidly growing Islamic finance sector, having more than tripled since 2008. However, the sukuk market is still relatively small. The main issuers of sukuk are corporates (which account for around 64.4% of total assets under management), and sovereigns (30.6%); supranationals (2.9%) and government-related entities (2.1%) account for the remainder.14

Growth in recent years has been driven by the key markets of Malaysia, Saudi Arabia and the UAE, as well as emerging frontiers such as Turkey and Indonesia. Sukuk listings have pointed to more cross-border activity as issuers increased listings on key stock exchanges such as those in Europe, namely the LSE, Irish Stock Exchange and Luxembourg Stock Exchange.
A growing range of companies are taking the opportunity to seek liquidity at low cost and diversify their funding solutions. Increased volumes in recent years have also been supported by the debuts of several new markets in the sukuk sector. In 2014, countries which entered the global primary sukuk market included the UK, Senegal, Hong Kong, South Africa and Luxembourg – an indicator that sukuk is being more widely accepted by mainstream finance. In 2014, BNM alone issued about $45bn of sukuk. However, the global sukuk market saw a decline in 2015 driven largely by the withdrawal of BNM from the market in that year. According to S&P, in 2015 BNM’s pullback saw total sukuk issuance drop by around 45% year on year, and in the first half of 2016 the figure decreased by around 10% compared with the same period a year earlier.15 The reason behind BNM’s decision to suspend new issuance was that its sukuk were subscribed to by a broad array of investors, preventing them from reaching their intended end-users (primarily Malaysian Islamic banks for liquidity management purposes). As a result, it decided to switch to other instruments restricted to banks.

Nevertheless, in 2015 Hong Kong returned to the market with a successful sale of its second Islamic sukuk bond to raise $1bn, and in the same year Saudi Arabia issued its first sovereign sukuk since 2007 to finance its budget deficit. (In 2016, in order to switch the economy away from heavily relying on the oil reserve to private sector, Saudi Arabia launched its Vision 2030.) Other market developments in 2016 included Pakistan restarting to issue sovereign sukuk; more than $400m of sovereign sukuk being issued by Qatar; and the relaxation of international sanctions on Iran, which allowed that country to return to the global financial markets. The outlook for the global sukuk market in 2017 is positive; according to Islamic Finance News, $64.6bn in sukuk was issued in the first half of 2017, up around 60% from the same period last year.16 (These figures have been confirmed by the Malaysian Rating Corporation.)

Over the next decade, sukuk is likely to remain a growing segment of the Islamic finance industry. Some of the factors that are likely to contribute to this include sustained global economic growth, sovereign liquidity needs due to declining oil revenues, further infrastructure spending and attractiveness of cross-border destinations for fund raising. Sukuk can help close the global funding gap for infrastructure, and an increasing share of issuance has been in this area. The GCC region and especially Dubai is expected to offer investment opportunities in substantial projects, where the sukuk market plays an important role in securing these funds. However, more instruments will be needed in the coming years and the existing products will need to be refined as some sukuk structures are still in development.

Funds

The Islamic funds sector has developed considerably in the past decade although it remains a niche part of the global Islamic finance sector. ICD and Thomson Reuters stated that the market for Islamic funds worldwide increased to $66bn in 2015, up by 18.6% on the previous year (Figure 14). There were 1,012 funds worldwide, down around 7% from a year earlier. Saudi Arabia, Malaysia and Iran hold the largest share of the market in terms of domicile. Islamic funds domiciled in Europe accounted for around 5% of the global share in 2015. Key European players include Jersey, Luxembourg and Ireland; these countries are also key players in conventional fund management.

Equity funds account for the largest segment of the market, representing around 34% of funds. A key development in the Islamic fund market is Malaysia’s $170bn state pension fund, the Employee Provident Fund (EPF), which has established one of the first state-backed pension funds focusing entirely on Sharia investments, Simpanan Shariah. Members of the EPF can now convert their conventional EPF savings to a fund that is managed and invested in accordance with Sharia principles. A total of RM5bn of the initial RM100bn fund allocated for Simpanan Shariah in 2017 has been taken up (according to the latest data available, from January 2017), and the EPF has allocated a further RM50bn for 2018. Other developments include the Islamic Development Bank raising money from investors in Saudi Arabia, Bahrain and Brunei to substantially increase the size of its infrastructure fund to $2bn.

The infrastructure development needs of Islamic economies are large and in many cases approaching historic peaks. According to data from the McKinsey Global Institute, $2.5trn is invested annually in the world’s infrastructure such as transport, power, water and telecoms. However, the estimate of capital needs for infrastructure by 2030 is $3.3trn per year. With efforts to diversify funding solutions for infrastructure development in general, a growing number of Islamic funds will emerge in the infrastructure space. Islamic finance offers a great deal of potential for global infrastructure development.

Takaful

Takaful has been established in its modern form for more than 25 years. Development of a Sharia compliant insurance sector provides the critical risk management supports needed across the various markets offering Islamic finance services.

The global takaful market remains at an early stage of development with gross contributions estimated by EY to have reached around $19bn in 2016 (Figure 15). The growth momentum in the Islamic banking and sukuk markets has lent support to the development of the takaful sector. The global takaful industry recorded double-digit growth in recent years, with premiums averaging 14% per year growth between 2012 and 2014. However, large segments of the insurance market in key Islamic finance jurisdictions remain untapped and mainly dominated by conventional insurance providers.

The growth in demand for Islamic insurance over recent years has seen a proliferation of new companies offering Islamic insurance products. The majority of these firms are fully-fledged takaful operators, but conventional insurance companies have also entered the market offering takaful window operations. As with traditional forms of insurance, re-insurance of a takaful operation may be used, known as re-takaful. Takaful assets under management totalled around $38bn at the end of 2015.

Figure 14: Islamic funds worldwide ($bn)
Source: ICD – Thomson Reuters

Figure 15: Takaful premiums ($bn)
Source: EY
Saudi Arabia, Iran, Malaysia and the UAE are the largest global takaful markets, together accounting for 90% of the global market. Other smaller markets for takaful include Bahrain, Qatar, Indonesia, Bangladesh, Jordan and Kuwait. Penetration of takaful is nevertheless low in these and other countries with Muslim-majority populations. In some regions supportive regulatory developments are taking place that are likely to support the growth of the sector in the coming years. Regulatory enhancements have, for example, opened new opportunities in growth markets such as Turkey and Indonesia.

The growth of takaful markets is driven by the prospects of the Islamic banking and finance sector in predominantly Muslim countries. Takaful in most markets is still in its infancy, and its potential to replace conventional insurance in leading Islamic finance markets is largely untapped. The key challenges that the global takaful industry faces include intense competition with conventional insurance providers, low profit margins, low customer awareness, the need for skilled professionals, as well as an enhanced regulatory and prudential framework. With Islamic finance markets projected to post double-digit growth in the coming years, and with the development of supporting regulatory infrastructure in key markets, the global takaful industry has significant opportunities for growth.

**Fintech**

Fintech in Islamic finance is only in the early stages of development, but the future outlook is bright, driven by increasing awareness, growth in both the supply and demand sides, regulatory support and availability of funding.

On the supply side, technological developments are lowering barriers to entry for entrepreneurs to operate in the Islamic fintech sector. On the demand side, Islamic fintech offers both Muslim and non-Muslim consumers more options to choose financial products that fit their personal needs at lower costs. The growth of both supply and demand for Islamic fintech is raising awareness of the growing importance of Sharia compliant fintech. For example, the sector has been mentioned and discussed at almost all Islamic finance conferences and seminars in recent years. Some countries, such as Malaysia, Bahrain and the UAE have established regulatory frameworks to encourage the development of Islamic fintech. In terms of financing, venture capital and private equity companies are providing funds to Islamic fintech start-ups that normally face difficulty sourcing capital from conventional finance providers.

Although the development of Islamic fintech has been most prominent in in Muslim countries, the UK is also well-positioned in the market, due to its competitive advantages in both financial services and technology. MercyCrowd, Yielders and Ummah Finance are examples of UK Islamic fintech successes (see page 15 for details).

While the majority of Islamic fintech is crowdfunding platforms, there have been recent developments in other forms of fintech, such as Islamic robo-advice. New initiatives are also flourishing. Examples of other forms and initiatives of Islamic fintech beyond crowdfunding include:

- **Islamic robo-advisors.** Wahed Invest, a US-based investment advisor, launched an Islamic robo-advisor called Wahed in June 2017; Farringdon Group, a Malaysian investment manager, also launched one, called Algebra, in July 2017.

- **Investment Account Platform.** A group of six Malaysian Islamic banks co-founded their first multi-bank fintech platform, the Investment Account Platform, in 2016 to finance SMEs.

- **Islamic Fintech Alliance.** The Islamic Fintech Alliance was launched in 2016 by eight platform operators: Blossom, EasiUp, EthicCrowd, Narvi, FundingLab, KapitalBoost, Launchgood and SkolaFund.

- **Islamic Fintech Hub.** The first global Islamic fintech hub, Future Finance 2030, is expected to be launched by the end of 2017 to encourage expansion of Islamic fintech.
CONCLUSION

Islamic finance is a prime example of the ways in which finance meets the needs of individuals, businesses and governments. By facilitating things as diverse as financial inclusion, infrastructure development and government funding, Islamic finance serves society at large. By leveraging its position as the world’s leading international financial centre, as well as government policies that support the development of Islamic finance, the UK is well-positioned to further develop its role as the leading Western centre for this dynamic and fast-growing sector.
OTHER SOURCES

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Al Rayan Bank
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Dubai Islamic Bank
Federal Reserve Bank of Richmond
Gatehouse Bank
Gov.UK
Islamic Insurance Association of London
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