Islamic finance stepping into global spotlight as a strategic finance model

QATAR

By Amjad Hussain

Islamic finance is rapidly evolving into a foundational component of the global financial architecture, not just a regional one. As global economic priorities shift toward sustainability, ethical governance and resilience, Islamic finance is increasingly recognized for its structural strengths, ethical foundations and compatibility with these values.

According to Standard Chartered's latest report, 'Islamic banking for financial institutions: Unlocking growth amidst global shifts', Islamic finance assets are projected to exceed QAR27.24 trillion (US$7.5 trillion) by 2028, up from US$5.5 trillion in 2024. This anticipated 36% growth underlines the rising global demand for asset-backed, risk-sharing and ethically grounded financial solutions. Islamic banking, which currently constitutes over 70% of total Islamic finance assets, is expected to expand from QAR14.5 trillion (US$4 trillion) in 2024 to QAR18.9 trillion (US$5.2 trillion) by 2028.

Qatar is emerging as a regional hub for Islamic fintech innovation. Qatar Islamic Bank (QIB) has partnered with Visa to adopt the Visa B2B Connect platform. This enables secure and efficient cross-border B2B payments in over 120 countries, enhancing Qatar's trade capabilities and digital finance infrastructure.

Visa and Qatar International Islamic Bank (QIIB) have also announced two new strategic agreements. These initiatives aim to enhance cardholder experiences and improve operational efficiency using Visa Consulting & Analytics. Areas such as fraud detection, customer acquisition and lifecycle management are key to ensuring a secure and personalized digital banking experience. This will allow corporates to send money conveniently and securely from Qatar to multiple markets across the globe through QIIB in order to help facilitate business operations.

Meanwhile, Qatar's Islamic fintech sector continues to grow, particularly in payments and enabling technologies. In a recently published report, the Qatar Financial Centre (QFC) projects a 10% compound annual growth rate (CAGR) through 2028, with transaction volumes expected to reach QAR16.1 billion (US$4.42 billion). It was noted in the report that the Islamic fintech market in Qatar has witnessed significant growth in the last five years, reflecting a CAGR of 26%.

Wahed, a financial technology and services company based in New York, established a regional office in the QFC in 2024. The presence of Wahed, among others, will serve the expanding needs of clients in the region seeking Islamic investment options. This momentum reflects a strong commitment to modernize Islamic financial services while supporting broader economic goals.

QIB has raised US$750 million through the issuance of a five-year Sukuk, attracting significant global investor interest. The Sukuk was priced at a profit rate of 4.803%, equivalent to a credit spread of 80bps above the US Treasury benchmark. The offering attracted interest from investors in Europe, Asia and the Middle East, allowing the pricing to be tightened by 35 to 40bps from the initial guidance. At its peak, the order book reached US$1.7 billion, reflecting an oversubscription of 2.3 times.

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Maldives emerges as a rising star as per IFSB Stability Report 2025

THE MALDIVES

By Professor Dr Aishath Muneeza

The IFSB, in its Islamic Financial Services Industry Stability Report 2025, has commended the Maldives for its remarkable progress in the Islamic finance sector. Despite being a relatively young market in this space, the Maldives is now gaining global attention for its strong growth trajectory in Islamic banking and Takaful.

Based on the report, it is evident that the Maldives is emerging as a key player in the Islamic finance landscape, with an Islamic banking share of 13.5% in total banking assets as of Q3 2024. This reflects growing confidence and acceptance of Shariah compliant financial services within the country.

In the Takaful sector, the Maldives also posted an impressive 15.97% market share of total insurance assets as of Q3 2024. This places the country ahead of many established countries, including Indonesia (5.46%), UAE (6.87%), Qatar (12.03%) and Sri Lanka (1.07%). This high level of market penetration in Takaful indicates that Islamic insurance is not just a niche offering in the Maldives but a mainstream and growing component of the national insurance landscape.

The report positions the Maldives as one of the most promising emerging Islamic finance markets globally, with considerable room for expansion. The double-digit growth in Islamic banking assets, coupled with strong Takaful adoption, showcases a vibrant, sustainable and confident Islamic financial ecosystem taking root in the island nation.

The IFSB's recognition in this latest report is not just a reflection of past performance but a strong endorsement of the Maldives' future potential in shaping the next chapter of Islamic finance.

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