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Cross-border Islamic financing in focus for Kazakhstan

In 2009, Kazakhstan was the first country of the Commonwealth of Independent States (CIS) to introduce Islamic banking and Islamic securities. Still, however, little progress has been made in terms of the development of the Islamic finance industry, apparently because of inherent deficiencies in the Kazakh law which has civil law jurisdiction and does not recognize many international legal concepts. To address this issue, the Astana International Financial Centre (AIFC) was officially launched in 2018. The AIFC is modeled on the Dubai International Financial Centre and it has its own English law-based laws and regulations and even its own court and facility for arbitration (in effect, a 'one country, two systems' arrangement has been introduced despite the fact that Kazakhstan is a unitary state). One of the core pillars of the AIFC is Islamic finance, as the AIFC aims to become an Islamic finance hub not only for Kazakhstan, but for the whole of Central Asia and the CIS.

Because of the aforementioned initiatives of the government of Kazakhstan, there are currently in fact two separate legal and regulatory frameworks for Islamic finance created in Kazakhstan, ie one legal framework under Kazakh law with civil law jurisdiction and another one under the AIFC law with common law jurisdiction.

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