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Kazakhstan: First steps to becoming a regional hub for Islamic finance

Despite the attempts of the government of Kazakhstan to make its Islamic finance market more attractive, Islamic products are still rarely used in Kazakhstan. Currently, according to the National Bank of Kazakhstan, the share of Islamic banking assets in Kazakhstan represents an insignificant part of the total assets of the banking sector: 0.21% (a year earlier the share was 0.16%). According to the Astana International Financial Center (AIFC), the target to achieve by 2025 is 5–7%.

The government of Kazakhstan nevertheless is continuing its efforts to create a favorable legislative and regulatory framework for the development of Islamic finance so that Kazakhstan can become a regional hub for Islamic finance.

Review of 2019

The AIFC, recently established based on the model of the Dubai International Financial Centre, aims to become the most attractive platform for the development of Islamic finance in the region.

In order to ensure investors that the legal regime of Islamic finance within the AIFC is fully Shariah compliant, the AIFC established the International Expert Council for Islamic Finance (International Council) and the Central Council of the AIFC on the principles of Islamic finance (Central Council).

The tasks of the International Council are examining regulatory documents in the sphere of Islamic finance, assisting in attracting investors and leading Islamic financial institutions to the platform of the AIFC, as well as providing advice on the development strategy and promotion of the AIFC as a center of Islamic finance.

The activities of the Central Council are aimed at reviewing and approving the AIFC policy, as well as providing advice on compliance with the principles of Islamic finance. To ensure the effective work of these bodies, the best international experts in the Islamic finance field were invited.

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