

# Accentuating Halal Economy Potential In Islamic Finance

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Prepared by:

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Introduced in 2013, this SGIE report defines Islamic economy as:

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“Sectors whose core products/ services are structurally affected by Islamic ethics and law,”

driving the faith-inspired ethical consumption needs of the 2 billion Muslim consumers worldwide.



If Halal economy is a house, then

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“Islamic finance is akin to a Kitchen for the Halal economy”

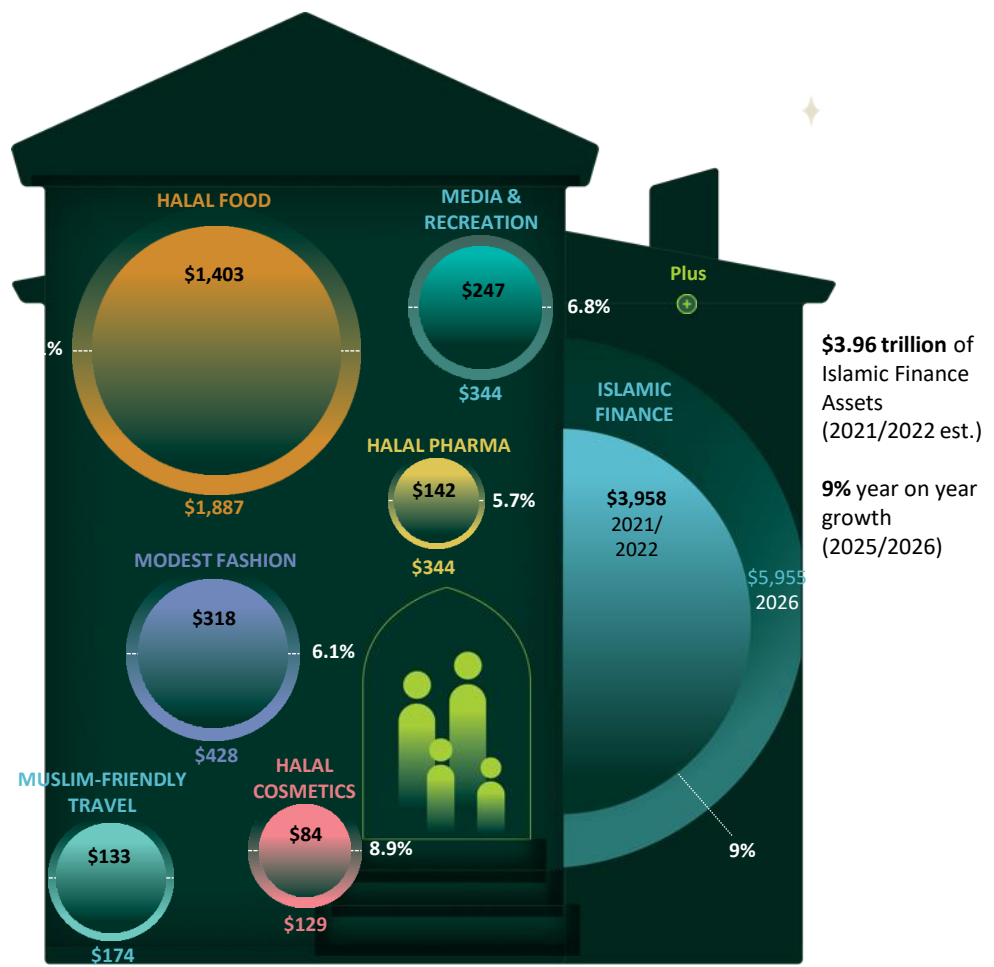
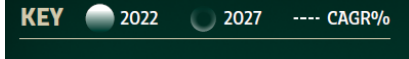
though very little engagement with the global Halal economy by Islamic finance today compared to its true potential



## Consumer Opportunity

Represented by **US\$2.3 trillion of consumer spending** by 2 billion Muslims across six real-economy sectors (2022 est.)

Islamic finance is akin to a **Kitchen** for the Halal economy



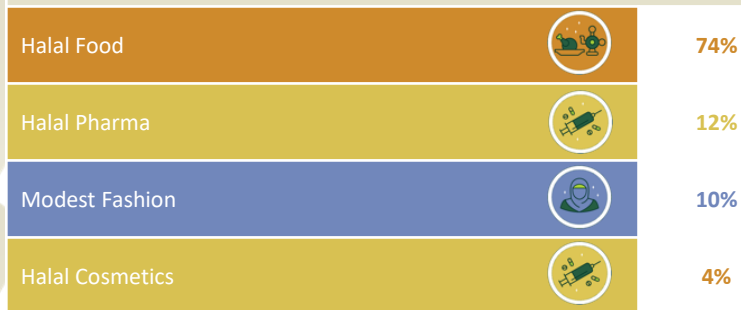
OIC imports of halal products is projected to grow to US\$492 billion by 2027

## Trade Opportunity

\$359 billion OIC imports in 2022  
which is set to grow at 7.6% CAGR in 5 years,  
reaching \$492 billion in 2027

Despite this, Islamic trade finance solutions  
remains limited, and requires innovation

### Share by sector:



### Top 5 OIC Importers:

No.	Country		Trade 2022 (US\$ Billion)
1	United Arab Emirates		32.2
2	Saudi Arabia		31.7
3	Türkiye		31.5
4	Indonesia		30.3
5	Malaysia		28.9

### Top 5 Exporters to OIC:

No.	Country		Trade 2022 (US\$ Billion)
1	China		31.8
2	India		26.4
3	Brazil		20.9
4	US		20.8
5	Türkiye		16.3

# Tracking last 10 years of candidates for Islamic finance investments

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023



modanisa



MANZIL

HIJUP



HalalBooking



STATE OF THE GLOBAL ISLAMIC ECONOMY REPORT 2023/2024

## Unified retail customers can unlock co-marketing and product development opportunities

### Co-Marketing Initiatives

- Joint campaigns to promote halal lifestyle and financial products.
- Leveraging combined customer data for targeted marketing

### Integrated Product Development

- Bundling financial services with halal consumer products.
- Developing loyalty programmes that reward customers across both sectors.

### Enhanced Customer Experience

- Providing a one-stop solution for customers' halal needs.
- Building stronger brand loyalty through consistent value propositions.

## Addressing unmet financing needs in the Halal economy through bridging the gaps

### Current Challenges:

#### Limited Access to Capital:

- SMEs in the halal sector struggle to obtain sharia-compliant financing.
- Conventional financing options may not align with their ethical and religious values.

#### High Barriers to Entry:

- Stringent collateral requirements and lack of credit history hinder SMEs.
- Limited awareness of available Islamic financing products.

### Impact on SMEs:

- Restricts business expansion and innovation.
- Reduces competitiveness in both local and global markets.

### Potential Solutions:

#### Customised Financial Products:

- Developing microfinance and crowdfunding platforms compliant with sharia law.
- Offering financing solutions tailored to the cash flow patterns of halal businesses.

#### Capacity Building:

- Providing financial literacy programmes for SMEs.
- Facilitating access to global markets through trade financing.



## Pioneering initiatives linking Halal economy and Islamic finance

### Wahed Invest:

- A fintech platform offering sharia-compliant investment opportunities.
- Democratizes access to ethical investing for retail customers globally.
- Highlights the fusion of technology, finance, and halal principles.

### Bank Syariah Indonesia (BSI)

- Established in 2021 through the merger of three state-owned Islamic banks, BSI has become Indonesia's largest Islamic bank, focusing on financing the halal industry.
- Provides tailored financing products for halal-certified SMEs, facilitating their growth and competitiveness.
- Collaborates with the BPJPH) to support businesses in obtaining halal certification.

### Indonesia Halal Lifestyle Center (IHLC)

- IHLC is a private sector initiative aimed at promoting and developing Indonesia's halal lifestyle industry.
- Partners with Islamic financial institutions to offer financing solutions for halal industry players.
- Organises events and workshops to educate businesses on integrating Islamic finance into their operations.

# Accentuating Halal Economy Potential In Islamic Finance

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# Terima Kasih!



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