

The Rise of Halal Banking and Financial Products in Post-Soviet Central Asia: A Study of Causative Factors

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Abstract : With the fall of Soviet Union in 1991 the whole Central Asian region saw a dramatic rise in Muslim identity, a call back to Islamic legacy. Today, many Central Asian Muslims demand, what Islam has termed legal (Halal) and, avoid what Islam has termed illegal (Haram). The process of Islamic resurgence kicked off very quickly soon after the integration of Central Asian republics with other Muslim geographies through the membership of Organization of Islamic Conference (OIC) and other similar organizations. This interaction proved to be a vital push factor to the already existing indigenous reviving trends and sentiments. As a result, along with many other requirements, Muslim customer demand emerged as navel trend in the market in general and in banking and financial sector in particular. To get this demand fulfilled, the governments of CIS states like Kazakhstan, Uzbekistan, Azerbaijan, Turkmenistan, Kyrgyzstan and Tajikistan introduced Halal banking and financial products in the market. Firstly, the present paper would briefly discuss the core composition of Halal banking and financial products. Then, coming to its major theme, it would try to identify and analyze the causes that lead to the emergence of Islamic banking and finance industry in the Muslim majority Post-Soviet CIS States.

Keywords : causes, Central Asia, interest-free banking, Islamic Revival

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