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Islamic finance in Kazakhstan

Is the legal framework the major hindrance for the development of Islamic Finance in Kazakhstan?

The question whether or not Islamic finance will have a future in Kazakhstan is not an easy one to answer. There is definitely strong support from the government of Kazakhstan for Islamic finance as an alternative source of funding for infrastructure, SMEs and such. Nevertheless, so far the pace of expansion of Islamic finance in Kazakhstan does not meet the high expectations of its promoters. In this article, SHAIMERDEN CHIKANAYEV tries to give an overview of the current legislative and regulatory framework for Islamic finance in Kazakhstan.

Though Kazakhstan adopted relevant legislation for domestic (such as the governed Kazakh law) Islamic banking transactions more than seven years ago and has a Muslim population of over 11 million, Islamic finance is still in the early stages of its development and Islamic products are rarely used. According to the National Bank of Kazakhstan (NBK), as of 2015, the share of Islamic banking assets account for only 0.08% of total banking sector assets in Kazakhstan. One may argue that there is more talk about Islamic finance rather than real business all these years and that there is no real market demand for Shariah compliant finance in Kazakhstan.

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