

2024 / 25

# STATE OF THE GLOBAL ISLAMIC ECONOMY REPORT

FROM CRISIS TO CATALYST:  
EVOLVING ISLAMIC ECONOMY  
OPPORTUNITIES

PRODUCED BY

**DinarStandard**  
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# Executive Summary

In the name of God, the Most Beneficent, the Most Merciful. This year's State of the Global Islamic Economy Report estimates that the world's 2 billion Muslims spent approximately US\$ 2.43 trillion in 2023 across core sectors including halal food, pharmaceuticals, cosmetics, modest fashion, travel, and media and recreation, all deeply shaped by Islamic ethical considerations and Shariah compliance. Islamic finance assets, integral to these sectors, reached an estimated US\$ 4.93 trillion in 2023, reinforcing the holistic scale of the global Islamic economy.

Amid unprecedented geopolitical and economic volatility, driven by factors such as the Israel-Gaza conflict, shifting trade alignments, and pronounced regionalization of economic activities, Muslim spending across the Islamic economy sectors (excluding Islamic finance) still expanded by 5.5% in 2023. Looking forward, this spending is projected to rise to US\$ 3.36 trillion by 2028, indicating a compound annual growth rate (CAGR) of 5.3% over five years. Despite inflationary pressures and supply chain disruptions due to geopolitical tensions, consumer resilience remains high.

As global consumers increasingly favor authenticity and ethical responsibility, local and regionally authentic brands have experienced notable growth and international recognition. A key example is "The Fix Chocolatier," a regional brand gaining global attention through a clear alignment with ethical and cultural identity, illustrating the potential for local brands to scale globally without compromising authenticity. Such developments underscore the strength of regional economies and illustrate an emerging pattern of reduced dependency on traditional Western brands and supply chains.

A significant transformation defining this year's Islamic economy is the marked rise in ethical consumer activism, directly influencing purchasing behaviors. Geopolitical tensions, particularly related to the Gaza crisis, have spurred unprecedented levels of boycotts against global brands perceived as misaligned with ethical and regional values. Recognized multinational brands have notably faced consumer resistance, triggering substantial shifts toward local and regional alternatives. This phenomenon extends beyond the immediate political contexts, reflecting broader consumer trends towards cultural authenticity and ethical responsibility.



CREDIT/UNSPLASH



Social-media sentiment analysis of October 2023–March 2025 period shows a marked uplift in pro-alternative sentiment—especially in Food & Beverages, Technology, Fashion and Cosmetics—following worldwide outrage at Israel’s actions in Gaza. Among our tracked posts, 15.6 % explicitly endorsed ethical substitutes, revealing a multilingual, silent worldwide movement grounded in notions of solidarity, “patriotic consumption”, and faith-based duty. Local coffee chains such as Malaysia’s ZUS Coffee, emergent cola labels from Jordan to Pakistan, and halal-certified beauty houses like Wardah are capitalising on this momentum, while activist apps (e.g., Boycat, No Thanks) propagate values-based choice into everyday shopping habits.

The global Muslim population continues to expand significantly, surpassing two billion people and representing over 25% of the global population as of 2023. This growth trajectory is set to continue, reaching approximately 2.2 billion by 2030. With a particularly strong youth demographic, over 540 million Muslim youth are projected by 2030, significantly shaping market demand. Driven by rising affluence, especially in OIC nations with high GDP

per capita, Muslim consumer spending across halal sectors is robust, underpinning a multi-trillion-dollar global Islamic economy.

Geopolitical volatility is significantly reshaping trade and economic alliances, most notably illustrated by Arab states’ unified response to geopolitical events and a stronger inclination towards regional self-reliance. This year has witnessed a pronounced increase in intra-OIC trade, supported by strategic investments and policies aimed at enhancing regional manufacturing, agricultural resilience, and economic cooperation among OIC member states. Countries such as Saudi Arabia, the UAE, Indonesia, and Türkiye have emerged as leaders in promoting intra-regional halal trade and investments, underscoring a fundamental shift from traditional dependencies on Western economies.

Simultaneously, the ascendance of BRICS and the progressive deglobalization marked by reshoring initiatives across OIC countries have catalyzed a clear move toward economic multipolarity. Indonesia, notably aiming to become the world’s fourth-largest economy by 2045, exemplifies this shift, driving significant regional economic

activity independent of traditional global power structures.

The Global Islamic Economy Indicator (GIEI), now in its eleventh year, benchmarks how effectively national ecosystems are converting the multi-trillion-dollar Halal economy into inclusive, innovation-driven growth, relative to their size. Built from 52 metrics across seven sectors—Islamic finance, halal food, Muslim-friendly travel, modest clothing, media/recreation, and halal pharmaceuticals & cosmetics—the index balances scale with quality, weighting financial depth, governance, awareness, social impact and innovation. This composite design enables policymakers and investors to pinpoint structural gaps and prioritize reforms that unlock Shariah-compliant capital, certify products efficiently, and catalyze sector-specific R&D.

The 2024/25 results confirm Malaysia's leadership for an eleventh consecutive year, topping every sector except modest fashion (where it places second). Saudi Arabia, Indonesia, the UAE and Bahrain round out a stable top five, underpinned by record sukuk issuances, fast-growing Islamic funds, and aggressive halal trade pacts. Sector-wise, Malaysia dominates Islamic finance, halal food and Muslim-friendly travel; Indonesia overtakes in modest fashion; and Malaysia and the UK share media & recreation leadership. Notably, Singapore and the UK remain the only non-OIC countries in the top-15, signaling the competitive advantage conferred by robust regulatory and innovation frameworks.

Strategically, three forces differentiate the frontrunners: (1) institutional alignment—exemplified by Malaysia's JAKIM certification network and Saudi Arabia's Vision 2030-linked Public Investment Fund; (2) capital-market depth—evident in Bahrain's surge in Islamic finance assets and Pakistan's asset-backed digital currency pilots; and (3) innovation velocity—illustrated by the UAE's AI-centric National Strategy and Indonesia's super-app for halal certification. Momentum plays to watch include Pakistan (up three places to break into the top ten) and Senegal (up 18 places to 25<sup>th</sup>), each leveraging regulatory overhaul and targeted trade financing to scale export-oriented halal clusters. The implication for governments and corporates alike is clear: sustained leadership will hinge on synchronizing halal standards, deepening Shariah-compliant capital pools, and embedding digital technology across certification, distribution and consumer engagement.

In 2023, OIC member countries saw a 1.8% decline in imports of halal-related products, down to US\$ 407.75 billion from US\$ 415.05 billion in 2022. This drop was mainly driven by a 4.4% contraction in the food sector due to price correction in wheat following record highs amid the Russia-Ukraine conflict, currency devaluation, domestic self-sufficiency, and climate disruption. Pharmaceutical imports also decreased by 1.0% as vaccine demand stabilized post-pandemic. Despite this decline, the market is projected to rebound strongly, reaching US\$ 608.36 billion by 2028 at a 8.3% CAGR, driven by increasing consumer demand, enhanced regulatory frameworks, and expanding halal-compliant supply chains globally.

In 2023, the UAE and Indonesia emerged as the leading halal-economy investment hubs, with the UAE completing

50 deals worth US\$ 1.53 billion and Indonesia completing 40 deals worth US\$ 1.60 billion, driven by the UAE's diversification focus and Indonesia's large Muslim population and supportive policies. Saudi Arabia and Türkiye followed with 34 deals (US\$ 1.08 billion) and 23 deals (US\$ 127.58 million), respectively, underscoring the Middle East's growing prominence. Saudi Arabia's leadership position aligns with its Vision 2030 efforts.

By sector, Media & Recreation led the way with 87 transactions worth US\$ 451.27 million—more than quadrupling from 21 deals in the previous period—driven by a post-pandemic surge in digital content. Islamic Finance recorded the highest deal value at US\$ 1.98 billion across 59 transactions, though the number of deals dropped from 91 to 59 as monetary conditions tightened. Halal Food activity fell from 44 to 29 deals (US\$ 1.29 billion), and Halal Pharmaceuticals also contracted from 35 to 23 deals (US\$ 656.24 million), likely reflecting regulatory hurdles and inflationary pressures. Muslim-Friendly Travel experienced a modest uptick in deals, rising from 13 to 17 (US\$ 1.37 billion), while niche segments—Modest Fashion (2 deals; US\$ 0.3 million) and Halal Cosmetics (8 deals; US\$ 10.01 million)—remained small.

Halal food remains the largest sector within the Islamic economy, accounting for approximately US\$ 1.43 trillion of Muslim consumer spending in 2023, projected to reach US\$ 1.94 trillion by 2028 with a CAGR of 6.2%. Despite modest growth amidst inflation and geopolitical disruptions, investments in food security, production capacity, and technological innovations have continued. The UAE, Saudi Arabia, and Indonesia saw major investments enhancing local halal food production, reducing import dependency, and strengthening supply chains. Notable ventures include JBS's expansion in Saudi Arabia and significant European consolidation in the halal food market by players like Isla Délice and GoodLife Foods.

Multilateral development banks like the Islamic Development Bank (IsDB), African Development Bank, and Asian Development Bank have notably increased financial commitments, supporting large-scale food security projects and sustainable agriculture initiatives across Africa and Asia, further reinforcing the sector's resilience.

Digital transformation and fintech continue to redefine Islamic finance, with notable unicorn status achieved by Saudi fintech firm Tamara, valued at US\$ 1 billion. Islamic fintech is projected to significantly contribute to Islamic finance's expected expansion, driven by continuous innovation, increased regulatory harmonization, and rising consumer demand for ethical financial solutions. Islamic finance assets were valued at US\$ 4.93 trillion in 2023 and are expected to reach US\$ 7.53 trillion in 2028 at a CAGR of 8.9%.

Muslim-Friendly Travel, despite declining investment levels, remains a significant economic driver, particularly in Saudi Arabia. It is projected to grow at a CAGR of 12.1% by 2028 to reach US\$ 384.12 billion from US\$ 216.94 billion of Muslim consumer spend in 2023. The sector sees substantial innovation in halal-friendly infrastructure and digital



CREDIT/SHUTTERSTOCK

services. The sector is recovering steadily post-pandemic, with investments totalling US\$ 1.37 billion despite ongoing global volatility. Strategic initiatives like IFC's investment in Indonesia's GoTo and the UAE's Beond airline underscore the continued attractiveness of this sector. As demand grows for culturally tailored travel experiences, governments and private firms are significantly enhancing infrastructure and marketing strategies, positioning the sector for robust long-term recovery and growth.

Modest Fashion, although facing investment slowdown, projects steady market growth from US\$ 326.95 in Muslim consumer spend in 2023 with a forecasted value of US\$ 433.28 billion by 2028 at a CAGR of 5.8%, driven by mainstream appeal and sustainability innovations. Modest fashion experienced a substantial reduction in investment but remains resilient through robust digital commerce channels and growing global consumer preference for sustainable and ethically produced apparel. Significant attention from global fashion brands and increased awareness of modest fashion's inclusivity drive sector growth.

Halal Pharmaceuticals, with a Muslim consumer spend of US\$ 107.10 billion in 2023 is projected to reach US\$ 148.88 billion by 2028 at a CAGR of 6.8%, and it continues to attract notable investments, especially in GCC countries. The rise of telehealth and halal-compliant vaccines, driven by the COVID-19 pandemic aftermath, highlights sustained investor interest. Buoyed by increased healthcare expenditure and rising demand for halal-certified medicines and supplements, maintained strong market performance. Countries like Indonesia, UAE, and Malaysia have emerged as innovation hubs, spurring growth through favorable regulatory frameworks and research into halal-compliant vaccines and biopharmaceuticals.

Similarly, the Halal Cosmetics sector, though recently experiencing a dip, anticipates strong future growth driven by increasing ethical consumerism and sustainable practices in key markets like Indonesia and Malaysia. The sector, despite investment fluctuations, continues expanding through robust demand from ethically conscious consumers in Southeast Asia, the Middle East, and North Africa. Brands like Indonesia's Wardah and Turkiye's Joseph Shining illustrate robust sector growth driven by digital expansion and rising global consumer preference for ethically and halal-certified beauty products. Muslim spend on cosmetics was US\$ 86.66 billion in 2023, and is expected to grow in 2024 to US\$ 91.94 billion and reach US\$ 117.81 billion in 2028 at a CAGR of 6.3%.

Media and Recreation sector is witnessing heightened investment activity with significant growth prospects in halal-friendly digital entertainment, gaming, and educational platforms, with investment reaching US\$ 451.27 million. The young Muslim consumer demographic significantly drives demand for culturally-aligned digital content. With substantial recent investment activities in countries like UAE and Saudi Arabia, the sector is poised for continued expansion, reinforced by technological innovations and increased consumer spending. Platforms from Saudi Arabia, the UAE, and Southeast Asia continue driving innovative

and immersive entertainment offerings, significantly enhancing the sector's global visibility and appeal. Muslim spend on Media and Recreation was US\$ 259.66 billion in 2023, and is expected to grow in 2024 to US\$ 273.23 billion and reach US\$ 336.52 billion in 2028 at a CAGR of 5.3%.

Islamic ethical principles, sustainability, and innovative technological advancements are increasingly intersecting within the Islamic economy. Halal values resonate with universal ethical consumerism trends, with brands like Saffron Road and Iba Cosmetics successfully attracting both Muslim and non-Muslim ethical consumers. Innovation plays a critical role, with significant advances across sectors including AI-driven solutions enhancing halal compliance, blockchain technology ensuring supply chain transparency, and sustainable practices adopted widely within halal industries.

While adoption rates remain moderate, artificial intelligence (AI) and blockchain technologies are increasingly integrated into halal certification and supply chain management, promising transformative efficiency and transparency enhancements. Countries such as Saudi Arabia, UAE, and Indonesia have been at the forefront, implementing digital tools to strengthen halal standards and facilitate easier market access.

A strengthening of halal certification standards and regulatory frameworks has been observed globally, driven by bodies such as the Islamic Forum for Halal Accreditation Bodies (IFHAB) and national halal authorities in Saudi Arabia, Malaysia, UAE, Indonesia, and Morocco. These enhanced regulatory environments ensure increased market access, improved consumer trust, and compliance, underpinning global halal trade expansion.

As ethical consumption increasingly intersects with regional self-reliance and geopolitical realignment, the global Islamic economy is positioned for significant sustained growth. Ethical principles inherent within halal products and Islamic finance resonate beyond Muslim-majority markets, offering extensive cross-sectoral appeal in a rapidly evolving global economic landscape. This dynamic position the Islamic economy as a crucial contributor to broader global economic resilience, sustainability, and equity.

# THE GLOBAL ISLAMIC ECONOMY 2024/25 OVERVIEW

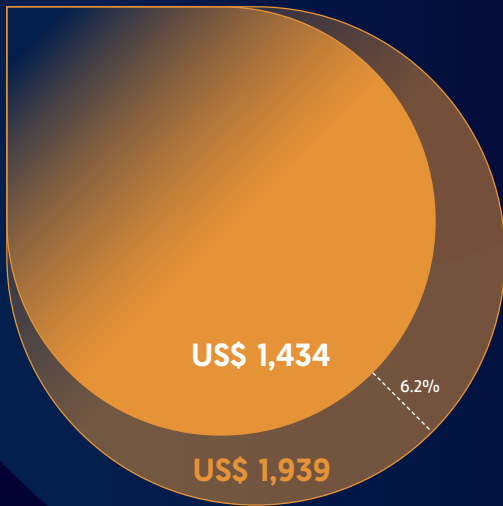
ALL FIGURES IN US\$ BILLIONS, UNLESS STATED OTHERWISE

## CONSUMER OPPORTUNITY

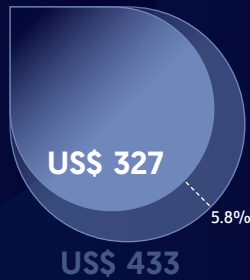
Represented by **US\$ 2.43 trillion** of consumer spending by **2 billion Muslims** across six real-economy sectors (2023). Reaching **US\$ 3.36 trillion** by 2028 (5.3% CAGR).

● 2023 ● 2028 ---- CAGR%

### HALAL FOOD



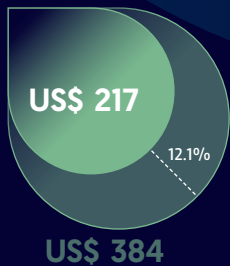
### MODEST FASHION



### HALAL COSMETICS



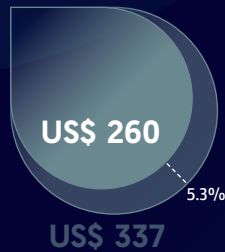
### MUSLIM-FRIENDLY TRAVEL



### HALAL PHARMA



### MEDIA & RECREATION



## PLUS: ISLAMIC FINANCE

**US\$ 4.93 trillion** of Islamic Finance Assets (2023 est.)

US\$ 4,925

US\$ 7,527.5

8.9%

## GOVERNMENT LEADERSHIP

### GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2024)

The GIEI benchmarks leading national ecosystems' ability to support Islamic economy business activity, relative to their size.

(SEE CHAPTER 3 FOR DETAILS)

- 1** Malaysia  
 Change YoY:
- 2** Saudi Arabia  
 Change YoY:
- 3** Indonesia  
 Change YoY:
- 4** UAE  
 Change YoY:
- 5** Bahrain  
 Change YoY:
- 6** Jordan  
 Change YoY: +5
- 7** Kuwait  
 Change YoY: +2
- 8** Pakistan  
 Change YoY: +5
- 9** Türkiye  
 Change YoY: -2
- 10** Qatar  
 Change YoY:

# INVESTMENT & TRADE DRIVERS

1.8% YoY decrease in import observed in Halal related sectors

US\$ BILLION (2023)

Thickness is proportional to the value

## TOP 5 OIC IMPORTERS

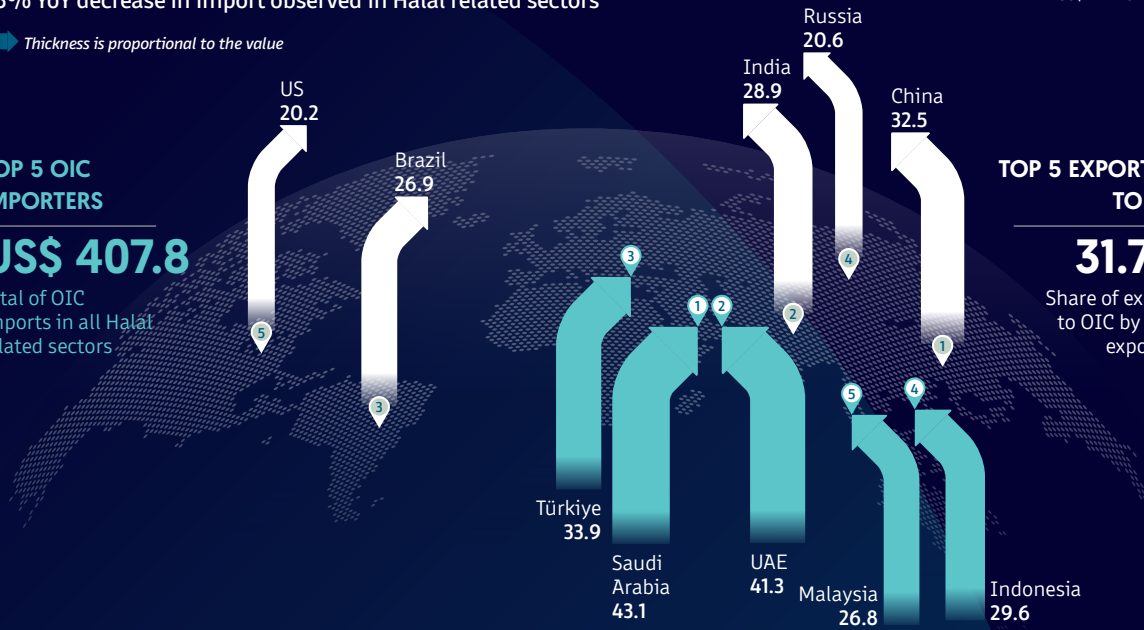
**US\$ 407.8**

Total of OIC imports in all Halal related sectors

## TOP 5 EXPORTERS TO OIC

**31.7%**

Share of exports to OIC by top 5 exporters



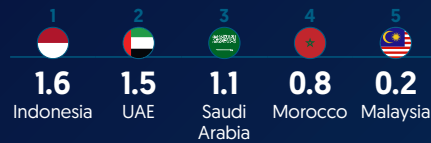
## INVESTMENTS

**US\$ 5.8 billion**

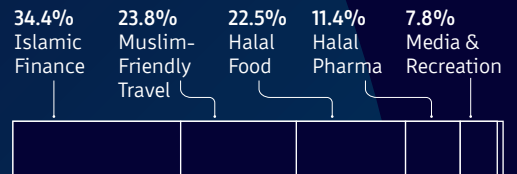
total investment amount in halal related sectors, including Islamic finance

### Top countries by total deal value

US\$ BILLION (2023/24)



### INVESTMENT SHARE BY SECTOR



## SOCIAL MEDIA LISTENING

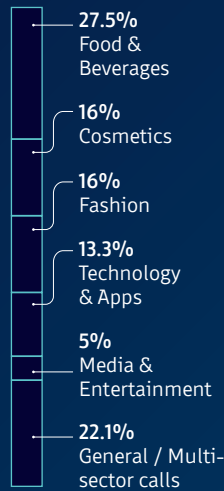
Consumers rally online to swap multinationals for ethical, home-grown products

(SEE CHAPTER 2 FOR DETAILS)

### KEY ALTERNATIVE BRANDS

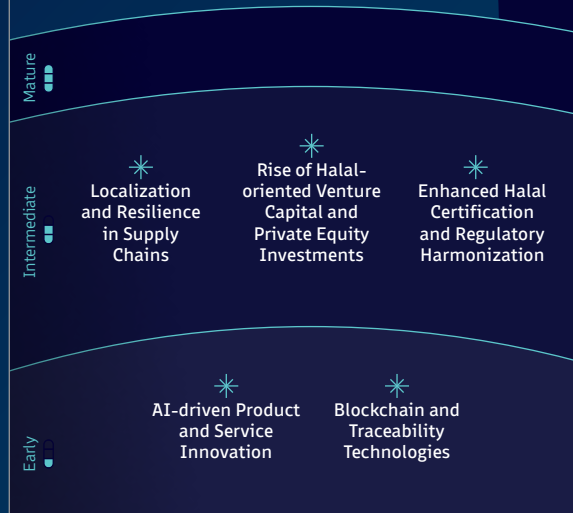
Zoya Fashion/Indonesia	ZOYA
Boycat Tech App/USA	
Wardah Cosmetics/Indonesia	Wardah
Qeblawi Cosmetics/USA	Qeblawi
LuLu Hypermarket Retail/UAE	
Albaik F&B/Saudi Arabia	ALBAIK
ZUS Coffee F&B/Malaysia	ZUS COFFEE
Gaza Cola F&B/UK	
Pakola F&B/Pakistan	Pakola
Kinza F&B/Saudi Arabia	كينزا kinza

### RELATED POSTS PER TOPIC



## SIGNALS OF OPPORTUNITIES

IMPACT: + Low \* Moderate \* High



\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2023 data. Projections are based on data from IMF Outlook from October 2024. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from August 2023 to July 2024. For social media listening, related multilingual tweets spanning Oct 2023-Mar 2025 were harvested, cleaned and distilled to 22 sentiment- and keyword features, then clustered with UMAP/k-medoids to map sectoral shifts in Muslim purchasing chatters. See appendix for detailed methodology. OIC - Organization of Islamic Cooperation, 57 mostly Muslim majority member countries.

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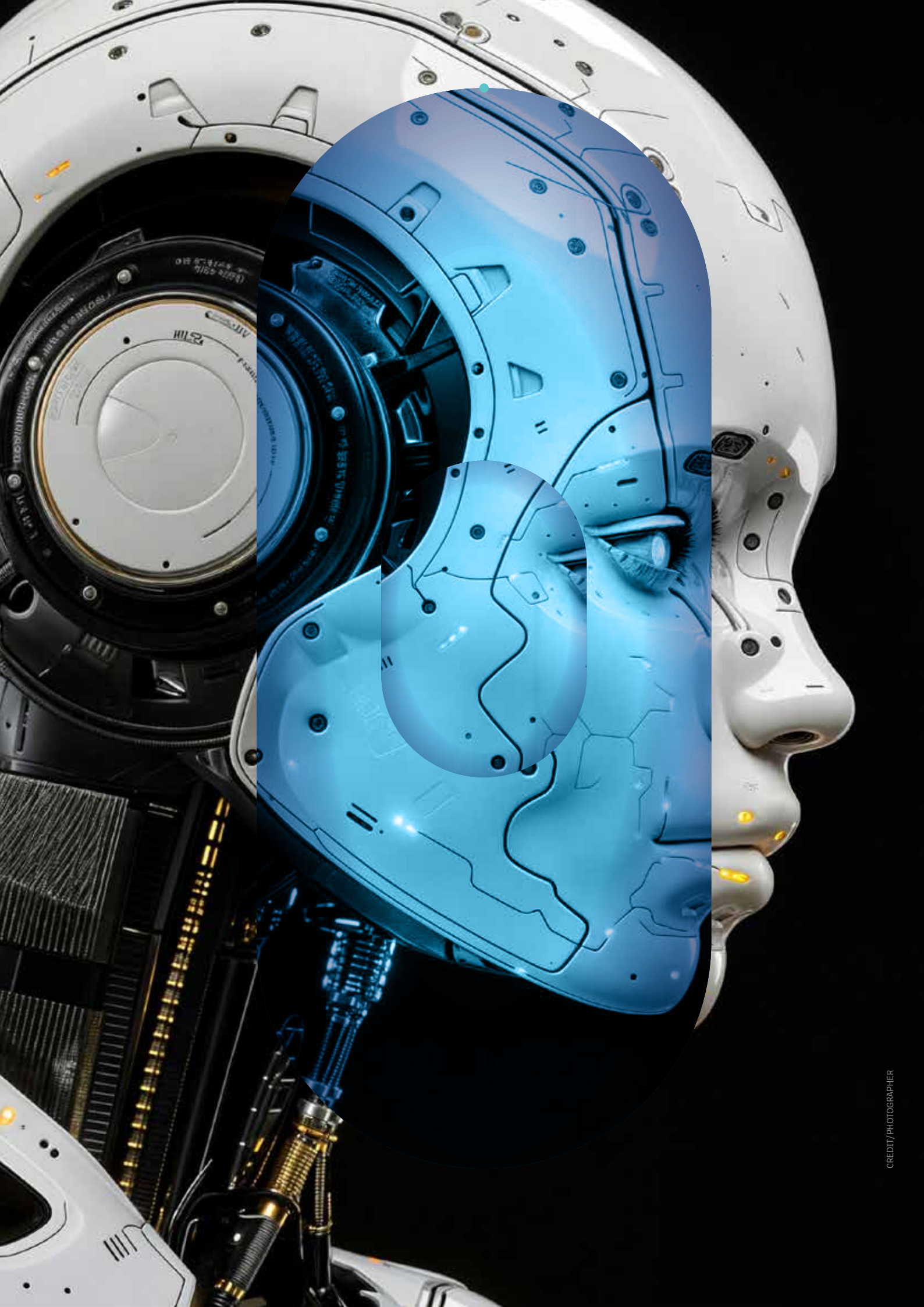
CHAPTER

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1

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**THE ISLAMIC  
ECONOMY AND  
DRIVERS OF  
OPPORTUNITY**







# Definition

Muslims around the globe, irrespective of their ethnic origin, are bound together by certain religious beliefs and practices that influence their consumption patterns across various economic sectors, driving a US\$ 2.4 trillion opportunity for a range of products and services. Add to that Islamic financial assets amounting to US\$ 4.9 trillion, and you get a complete picture of the Islamic economy being worth a staggering US\$ 7.3 trillion. In its 11<sup>th</sup> edition, the State of Global Islamic Economy (SGIE) annual report provides an overview of the methodology development and forecasts made during the last decade, as well as conveying the current status of the overall Islamic economy and its various sectors.

The word “halal” is an Arabic term meaning permissible or lawful under Islamic law. The halal economy, also referred to as the “Islamic economy,” consists of various sectors comprising core products and services that are structurally affected by Islamic ethics and law, including food, pharmaceuticals, cosmetics, finance, travel, and media and recreation. The Islamic economy, as a market, caters primarily to the ethical needs and values of Muslims, who follow Islamic law and guidance in their daily lives, as outlined by the principles derived from the Qur’an (the Muslim holy book comprising the word of God) and the Sunnah (the sayings and traditions of the Prophet Muhammad (peace be upon him)).

The SGIE report focuses on the sectors that offer products and services that are structurally influenced by Islamic ethics and law, anchored by the concept of ‘halal’ or permissible. In general, products are considered halal unless they contain ingredients prohibited by the Qur’an and, therefore, are considered to be ‘haram’ or impermissible. The Qur’an defines impermissible food items and substances, such as pork and its by-products, alcohol, and any other intoxicating substances. In terms of services, there are also several impermissible practices designated by the Qur’an, such as gambling and taking interest on money lent. The following section highlights the impact of Islamic law and ethics on the core sectors of the Islamic economy.



# Summary of Key Characteristics of Islamic Economy Across Sectors

## HALAL PRODUCTS

### Halal food, pharmaceuticals, and cosmetics

With the clear prohibition of specific food items by Islamic law, such as pork and intoxicants, ingestible products, whether food and beverage or pharmaceutical products, need to be free of any impermissible ingredients. Accordingly, most Muslim-majority countries have introduced laws specifying halal ingredients with halal certification requirements for imported products in the food and pharmaceutical sectors.

Halal food is also identified as “*Tayyib*,” meaning good or wholesome, which considers important values from the perspective of food safety and animal rights, to social justice and welfare in food production. Consequently, these values underline ethical and sustainable consumption, which is gaining importance among both Muslim and non-Muslim consumers.

### Modest fashion

The *Qur'an* and *Sunnah*'s emphasis on preserving modesty is reflected in various styles of Muslim dress, such as clothes covering the body appropriately, the use of non-transparent fabrics, and loose-fitting attire. Even with the diverse interpretations of 'modesty' among Muslims worldwide, there remain some essential aspects that qualify for a garment to be 'modest.' Sustainable and ethical practices in production and the use of halal materials are also gaining increasing importance among Muslim countries, attracting eco-conscious consumers to modest fashion products.

## ETHICAL & SOCIAL FINANCE

The *Qur'an* and *Sunnah* require Muslims to follow specific guidelines in their business transactions, ensuring that these transactions are fair to all contracting parties. These guidelines include ensuring the substance of the transaction is halal and that the details of the transaction and the terms of the contract are all just, clear, and in accordance with Islamic principles, including avoidance of interest (*riba*). Islamic financial services and instruments, with their underlying values of fair business practices and stress on social responsibility, were introduced by several mainstream banks, attracting both Muslim and non-Muslim clients.

## HALAL LIFESTYLE

### Muslim-Friendly Travel and Islamic-Themed Media and Recreation

Islamic teachings direct Muslims to use their time wisely and positively and to avoid certain activities that are considered impermissible, such as drinking alcohol and gambling. Islamic values influence the types of entertainment and leisure activities that Muslims choose, including their travel and recreation preferences. Muslim-friendly tourism facilities have proved popular with tourists seeking a family-friendly vacation environment.

# Key Growth Drivers

## SUPPLY-SIDE DRIVERS

- Government Bodies Functioning as Enablers
- National Islamic Economy Strategies
- Global Brand Involvement
- Islamic Economy Investment Activity
- Rise in Trade Agreements and Intra-OIC Trade

## ISLAMIC ECONOMY SECTORS



## DEMAND-SIDE DRIVERS

- Growing Youthful Population
- Affluence of Muslim Consumers
- Islamic Values-Driven Lifestyle and Consumption Patterns
- Digital Connectivity and the Rise of E-Commerce
- Intersection of Islamic Value with Sustainable and Ethical Consumerism

## Islamic Values

- Justice and Equity
- Social Responsibility
- Modesty
- Moderation
- Family Values

## DEMAND-SIDE DRIVERS

### Growing young Muslim population

The global Muslim population is rapidly growing and currently stands at over two billion, representing over 25% of the global population as of 2023. It is projected to reach 2.2 billion (26.4%) by 2030 and 2.8 billion (29.7%) by 2050. This ongoing growth remains a key driver of the halal economy.<sup>1</sup>

Muslim youth (aged 15–29) constitute a significant segment of this demographic, representing 27.8% of the global youth population in 2023, and this number is expected to exceed 540 million by 2030. The increasing purchasing

power of these Gen Z and Millennial Muslims, who are key economic contributors, will further drive the expansion of the halal economy, especially in OIC member states.

### The affluence of Muslim consumers

The International Monetary Fund (IMF) predicts that the combined GDP of OIC (Organization of Islamic Cooperation) countries is projected to expand by 1.6% in 2024, reaching a total of about US\$ 5.4 trillion in nominal terms (current prices). This growth in GDP is fueled by a consistent rise in consumer spending across OIC member states.<sup>2</sup>

Despite the various economic challenges these nations have faced, their collective GDP was projected to increase

by approximately US\$ 84 billion between 2023 and 2024. This translates to a projected rise from US\$ 5.3 trillion in 2023 to US\$ 5.4 trillion in 2024, representing a growth rate of 1.6%.<sup>3</sup>

Furthermore, several Muslim-majority countries, including those in the Gulf Cooperation Council (GCC), as well as Brunei and Guyana, have a GDP per capita that exceeds the global average. The increasing economic strength of these markets is driving a significant surge in demand for products and services that are certified as halal. This trend underscores the growing economic influence of the OIC member states and the expanding halal market opportunity.<sup>4</sup>

#### GDP PER CAPITA, NOMINAL TERMS (CURRENT PRICES [2024])<sup>5</sup>

<b>Qatar</b>	<b>71,568.39</b>
United Arab Emirates	49,549.59
Brunei Darussalam	34,871.7
Saudi Arabia	32,881.34
Kuwait	32,289.98
Bahrain	29,573.1
Guyana	28,920.55
Oman	20,631.44
Maldives	17,286.83
Türkiye	15,665.94
Kazakhstan	14,569.9
World	13,898.44
Malaysia	13,142.35
Turkmenistan	12,713.27
Gabon	9,256.66

#### The centrality of Islamic values to Muslim lifestyle and consumption patterns

Recent research from the Pew Research Center points to a significant resurgence in religiosity globally, particularly when compared to the landscape two decades prior.<sup>6</sup> This trend is especially pronounced in the Asia-Pacific and MENA regions, where an overwhelming majority of Muslims (between 70% and 90%) have rated religion as “very important” in their lives.<sup>7</sup>

This heightened emphasis on faith has tangible implications for consumer behavior. For Muslim consumers, in particular, Islamic values are increasingly shaping both lifestyle choices and consumption patterns. This shift is not merely theoretical; it is evidenced by the robust and sustained growth of the Islamic economy, which encompasses a wide array of sectors that cater to the needs and preferences of religiously observant consumers.

#### Digital connectivity and the proliferation of e-commerce

Thirteen countries, including Middle Eastern countries Bahrain, Kuwait, Qatar, Saudi Arabia, and the UAE, now

report internet penetration rates exceeding 99% of the total population. There are 5.35 billion people using the internet in 2024, equating to 66.2% of the world’s total population. Internet users have grown by 1.8% over the past year. This connectivity serves as a key enabler for the continued growth of the Islamic economy.<sup>8</sup>

Global e-commerce sales are approaching US\$ 6 trillion, accounting for 19.5% of total retail sales. The fastest-growing markets include the Philippines (24.1% growth), India (22.3%), Indonesia (20.0%), and Malaysia (18.0%). Southeast Asia dominates e-commerce growth, with the region expanding at 18.6% in 2023. Countries like Indonesia, the UK, and South Korea already have over 30% e-commerce penetration (meaning e-commerce as a percentage of overall retail sales), while the US ranks among the top five.<sup>9</sup> As digital adoption increases in high-population markets, e-commerce is set to outpace traditional retail in more regions.

#### The intersection of Islamic values with sustainable and ethical consumerism

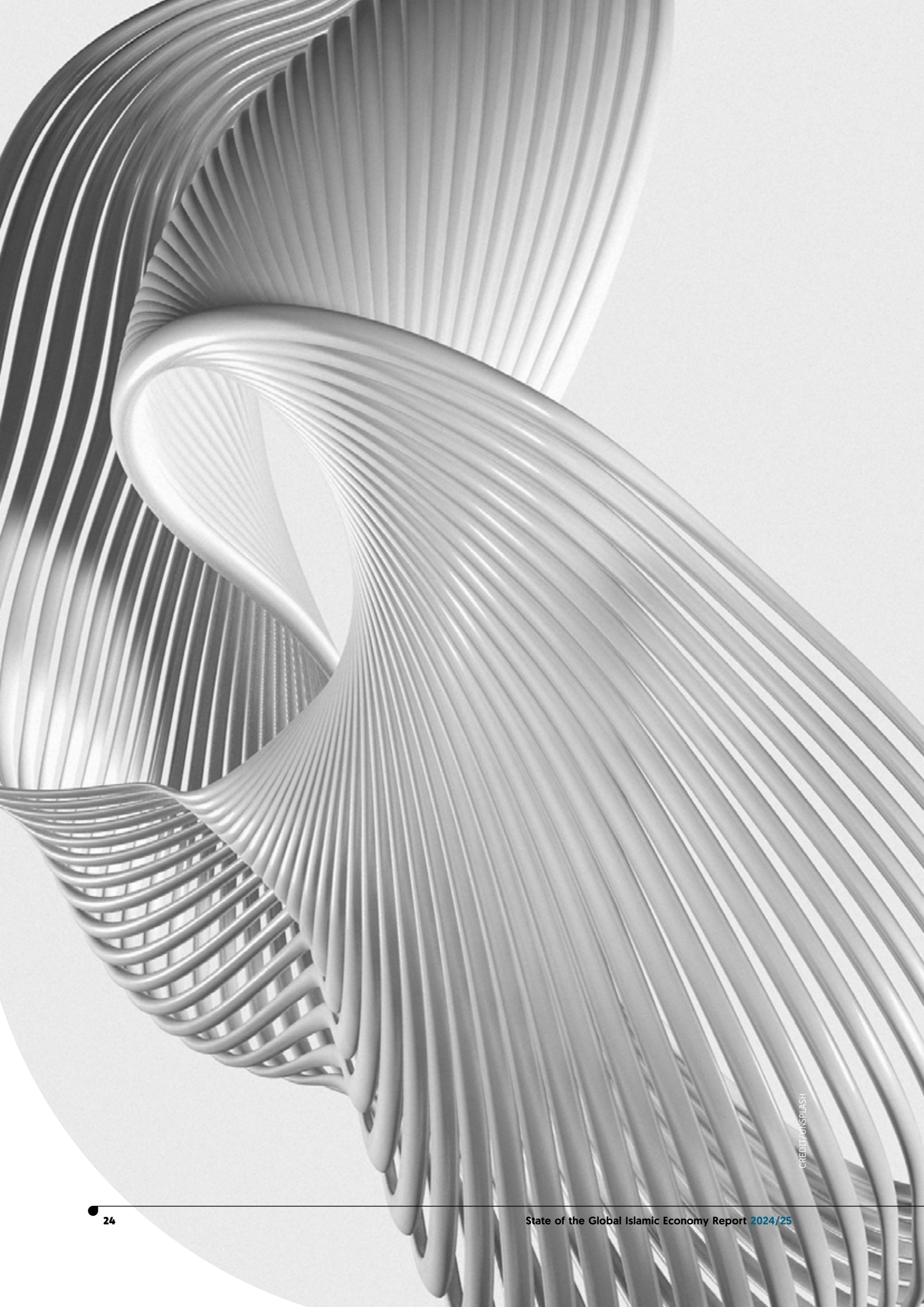
Many Islamic values underlying various sectors of the Islamic economy have a wider appeal, resonating with universal principles such as sustainability and ethical consumption. Halal products are increasingly associated with food safety, hygiene, and health. Many halal brands have succeeded in attracting non-Muslim ethical consumers, including brands such as Saffron Road and Iba Cosmetics.

Most consumers report positive attitudes towards eco-friendly products and services, but they often seem unwilling to follow through with their wallets. But experts have found several ways to nudge consumers to buy sustainable products and services.<sup>10</sup> By integrating decisive strategies, halal businesses can bridge the gap between consumer intent and actual purchasing behavior, fostering greater demand for sustainable halal products.

### SUPPLY-SIDE DRIVERS

#### Government bodies functioning as enablers

OIC member governments are participating in forums aiming to harmonize halal certification regulations to ensure compliance with established standards.<sup>11</sup> Several national authorities oversee and accredit halal certification bodies, including the UAE’s Emirates Authority for Standardization and Metrology (ESMA) and the Emirates International Accreditation Centre (EIAC), Saudi Arabia’s Saudi Food and Drug Authority (SFDA), and Malaysia’s Department of Islamic Development Malaysia (JAKIM). Increased efforts have been made to harmonize halal standards by establishing the Islamic Forum for Halal Accreditation Bodies (IFHAB) in 2023, with backing from the Organization of Islamic Cooperation (OIC), the Standards and Metrology Institute for Islamic Countries (SMIIC), and the Islamic Centre for Development of Trade (ICDT).<sup>12</sup>



CREDIT/ONSPASH

These regulatory efforts have heightened awareness of halal requirements among manufacturers, driving greater compliance and supporting the expansion of key sectors within the Islamic economy.

### National Islamic economy strategies

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The Islamic economy is experiencing an increase in global interest, even in countries where Muslims are not the majority. This growing recognition stems from the understanding that economic diversification, which includes sectors compliant with Islamic principles such as finance, food, and fashion, can play a pivotal role in stimulating economic growth and development. The appeal of the Islamic economy lies not only in its ethical and social values but also in its potential to tap into a vast and growing consumer market seeking products and services that align with their faith. OIC member states like Saudi Arabia, the UAE, Nigeria, and Indonesia have actively partnered with the Islamic Organization for Food Security (IOFS) to strengthen halal food security. Across various industries, OIC governments are implementing policies and support mechanisms to foster economic expansion. A key opportunity for stakeholders is the push for global harmonization of halal standards and accreditation processes, which would simplify certification requirements and facilitate the growth of halal trade on an international scale.

### Global brand involvement

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The halal economy, a multi-trillion-dollar global industry, is increasingly attracting major multinational brands like Nestlé, Unilever, and H&M. Their participation highlights the rising consumer demand for halal-certified products and services. These brands are introducing innovative offerings across various Islamic economy sectors, further driving market expansion. As the halal industry continues to grow worldwide, more global players are expected to enter, strengthening the sector's influence and accessibility.

### Islamic economy investment activity

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There are both attracting and repelling factors influencing investment flows into OIC countries in 2024. Among the attracting factors, the first is the resilience of emerging economies within the OIC bloc. Countries like Saudi Arabia, Indonesia, and the UAE have shown strong economic diversification efforts, reducing dependency on oil revenues and investing heavily in infrastructure and technology. For instance, Saudi Arabia aims to attract US\$ 100 billion in annual FDI by 2030, leveraging its PIF to co-invest with global asset managers like Brookfield.<sup>13</sup> Second, strategic international partnerships have boosted investment, particularly in the clean energy and tech sectors. China's investment in Saudi Arabia's green technologies reached US\$ 21.6 billion in greenfield FDI from 2021 to 2024, making China Saudi Arabia's largest investor in this category.<sup>14</sup> Third, investment climate reforms have enhanced transparency

and investor protection. Saudi Arabia, for example, has introduced new regulatory frameworks to equalize local and foreign investor rights, although their impact on actual FDI inflows remains moderate.<sup>15</sup>

On the flip side, repelling factors have also hindered investment flows. First, increased uncertainties in non-developed economies, where most OIC countries fall, have led to cautious investor sentiment. Geopolitical instability and economic volatility have made investors hesitant to commit to long-term projects. Second, global financing conditions have tightened due to rising interest rates, reducing the affordability of large-scale investments. A 26% drop in international project finance was recorded in developing economies, affecting infrastructure investments crucial to OIC countries.<sup>16</sup> Third, the decline in greenfield investments has been a major setback, with fewer new industrial and infrastructure projects being launched due to financial constraints and policy inconsistencies. Despite reform efforts, Saudi Arabia's FDI stagnated at US\$ 5.2 billion in Q2 2024, highlighting the challenges in attracting foreign investment despite a strong reform push (Reuters, 2024). These mixed factors shape the investment landscape in OIC countries, requiring strategic interventions to sustain growth and attract stable foreign capital.

### Rise in intra-OIC trade and investment agreements

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Despite global economic stagnation, intra-OIC trade saw a modest increase of 1.23%, rising from US\$ 873 billion in 2022 to US\$ 884 billion in 2023. This growth was driven by rising commodity prices, fluctuating exchange rates, geopolitical tensions in Ukraine and the Middle East, and increased local production to meet regional demand. Bilateral and regional trade agreements have reinforced trade activity as well. However, the share of intra-OIC trade in total foreign trade dipped slightly by 0.11 percentage points, from 19.27% in 2022 to 19.16% in 2023.<sup>17</sup>

One of the core mandates of COMCEC, the Organization for Islamic Cooperation (OIC), and the Islamic Development Bank (IsDB) Group specifically requires all three institutions to promote intra-OIC trade and foreign direct investment (FDI) flows in their member states. The OIC Ten-Year Action Plan (2016–2025) targets increasing intra-OIC trade to 25% by 2025. However, trade and investment flows within OIC countries have yet to reach this target, highlighting significant economic disparities among member states. Addressing these imbalances remains a priority, as boosting intra-OIC trade and investment could play a transformative role in driving economic recovery post-pandemic and mitigating the impact of geopolitical uncertainties.

# Key Trends and Disruptive Innovations Affecting the Halal Economy

## GEOPOLITICAL INSTABILITY

Challenges in 2024, including regional conflicts, disrupted supply chains, commodity prices, and political stability, will persist into 2025. Energy and raw material shortages will drive price hikes, while political uncertainty in the US and EU will add volatility. US President Trump's return to 'America First' policies could strain global trade, and the unresolved conflict in the Middle East will escalate geopolitical instability. The global order will fragment, heightening economic volatility.<sup>18</sup>

Ongoing geopolitical instability is expected to have a significant economic impact on OIC countries, affecting trade, energy security, and investment. Disruptions to supply chains and raw material shortages will drive up costs, particularly in import-reliant nations, while energy price volatility could benefit oil-exporting OIC countries but harm net importers. Protectionist trade policies, such as 'America First,' may limit access to US markets, prompting OIC nations to strengthen regional trade ties. Political uncertainty in the US and EU could deter foreign investment, leading to capital flight and weaker currencies. Regional conflicts may also hinder economic cooperation, delaying key initiatives and causing instability in countries dependent on tourism.

## DEGLOBALIZATION

The growing influence of economic alliances like BRICS signifies a notable shift towards a multipolar world. This is further evidenced by the BRICS GDP (in PPP terms) surpassing the G7 GDP in 2018, and this trend is projected to persist.<sup>19</sup> The consequences of deglobalization are not limited to trade but also extend to finance, with initiatives aimed at de-dollarization.<sup>20</sup> The impact of deglobalization is evident in the reshoring trend in several OIC countries, such as Malaysia and Indonesia,<sup>21</sup> which is projected to become the world's fourth-largest economy by 2030.<sup>22</sup>

## INFLATION AND ENERGY PRICES VOLATILITY

Global growth is estimated at 3.2% in 2024 and projected at 3.3% both in 2025 and 2026 (below the historical (2000–19)

average of 3.7%). Global headline inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026, converging back to target earlier in advanced economies than in emerging markets and developing economies.<sup>23</sup>

Global inflation is forecast to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies.<sup>24</sup> But the base of expansion is slow and risks remain, given the geopolitical tensions in the Middle East and other parts of the world, attacks that could disrupt commodity prices and supply chains.

## THE CLIMATE CRISIS

The year 2024 was a challenging year for sustainability, from climate issues to inequality. The three top concerns include elections and political turmoil that threaten progress, companies retreating or staying silent on DEI and ESG goals, and the rise of sustainability reporting that's (temporarily) taking up companies' time. Other issues from the past year include the clean economy hitting tipping points, AI's growth threatening decarbonization, heavy industry making some progress, and the beginning of a crackdown on "greenwashing."<sup>25</sup>

In 2024, the world experienced unprecedented climate events, including record-breaking heatwaves, floods, and droughts, underscoring the escalating impacts of climate change. The United Nations reported that 1.2 billion people are now at high risk from climate-related hazards such as heatwaves, flooding, hurricanes, and drought.<sup>26</sup> The World Bank noted that the year 2024 is set to be the warmest on record, capping a decade of unprecedented heat fueled by human activities.<sup>27</sup> These developments highlight the urgent need for comprehensive climate action to mitigate further economic and social disruptions.

## THE FERTILITY SLUMP

As of 2024, the global fertility rate has declined to approximately 2.4 births per woman, down from 2.7 in 2020.<sup>28</sup> Projections indicate a further decrease to 2.2 by 2025, with a continued downward trend expected in the following decades.<sup>29</sup> This decline raises concerns about potential



CREDIT/SHUTTERSTOCK

labor shortages by 2050 due to a shrinking working-age population.

In Muslim-majority countries, fertility rates have also decreased but remain higher than the global average. For instance, the fertility rate in the Middle East and North Africa region is approximately 3.1 births per woman.<sup>30</sup> Despite this decline, countries like Nigeria, Pakistan, Indonesia, and Egypt are projected to experience significant population growth, potentially ranking among the world's top ten most populous nations by 2100.<sup>31</sup> While a lower fertility rate can pose challenges to productivity, the higher fertility rates in countries with existing high unemployment, such as Nigeria and Egypt, may exacerbate labor market pressures.

## ARTIFICIAL INTELLIGENCE (AI) AND AUTOMATION

Elon Musk continues to dominate headlines with disruptive cost-cutting moves and expanding satellite broadband services. Musk is also increasing investments in sec-

tors like space, satellite broadband, generative AI, and brain-interface technologies, which are likely to benefit from supportive policy initiatives. His ability to capitalize on these trends will shape these sectors in the coming years.<sup>32</sup>

Traditional AI is adaptable to some degree but often needs specific training for each unique task or application. Generative AI can adapt to various domains and generate content across different fields.<sup>33</sup> Generative AI is highly disruptive, with the potential to become a US\$ 1.32 trillion market by 2032.<sup>34</sup> While developing countries will see more modest gains, the Middle East is expected to benefit from overall AI by US\$ 320 billion, particularly in the UAE and Saudi Arabia. AI will also likely improve the halal supply chain and ensure compliance.<sup>35</sup> AI is expected to improve the efficiency and productivity of the halal supply chain as well as ensure halal compliance.<sup>36</sup> However, automation poses challenges for labor markets, with 40% of global jobs exposed to AI. Sectors like transportation and manufacturing face long-term risks, while financial services will experience short-term disruption. The impact will vary, with industrial economies more vulnerable to job losses than service-based ones.<sup>37</sup>



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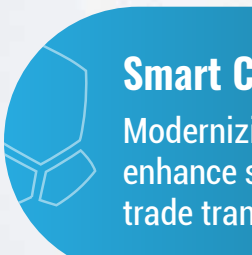


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## Smart Counter Trade

Modernizing intra-OIC trade to reduce debt and enhance secure, transparent, and Shariah-compliant trade transactions.



## Digital Postal Services for Financial Inclusion

Transforming postal networks into digital Islamic finance hubs to expand financial inclusion and empower underserved communities.



## Smart Stabilization System

Revolutionizing asset market stability with an innovative, efficient, and forward-looking approach to volatility management.



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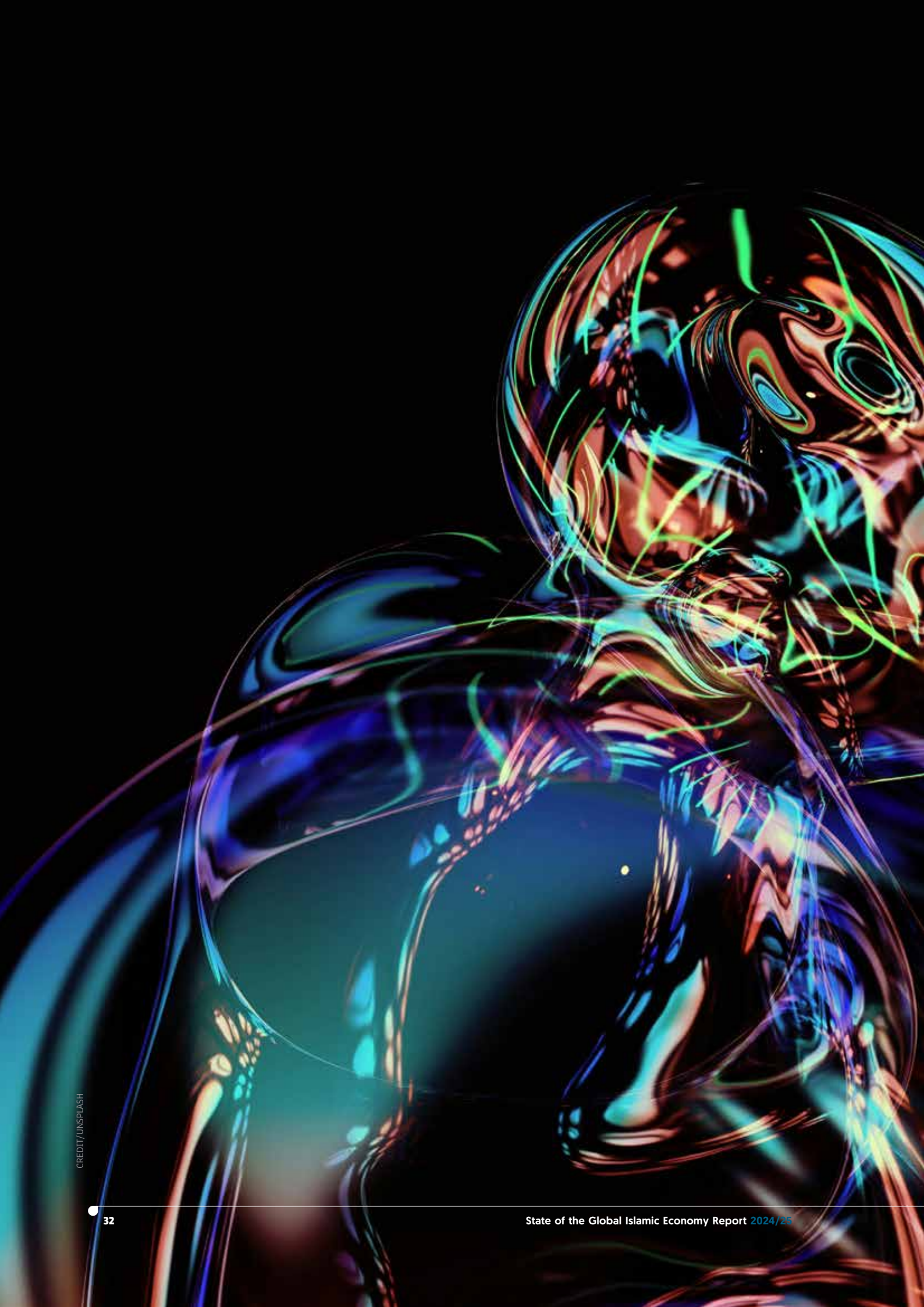
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**CONSUMER  
SENTIMENT**







# A Values-Driven Shift in Muslim Consumer Behavior (2023–2025)

A significant and accelerating shift in Muslim consumer spending towards ethical and values-aligned brands is reshaping global markets.

DinarStandard's previous SGIE Reports have tracked a growing shift toward domestic economic development initiatives from Saudi Arabia to Indonesia, influenced by national strategies, post-COVID-19 supply chain security, and continuing ethical consumerism among the younger generation.

This trend has accelerated since late 2023, driven by global condemnation of Israel's systematic drive towards ethnic cleansing of the Palestinian people, as recognized by global agencies such as Amnesty International, among many others, as a 'genocide.'<sup>38</sup>

Analysis of social media reveals strong consumer sentiment favoring ethical alternatives, particularly in food & beverages and technology, with significant underlying interest in fashion and cosmetics.

This section presents a factual analysis of this significant shift observed in the past year, given its relevance to the global Muslim consumer market. The period between October 2023 and March 2025 was evaluated using social media tracking. Based on select related keywords, 2,835 related social media posts were evaluated for sentiment and insights analysis. A focused subset of 443 (15.6%) posts explicitly identified preference for alternative brands, revealing a discernible trend towards local and ethical consumption. These discussions, predominantly in English (53.7%), Arabic (23.9%), Indonesian/Malay (17.6%), and French (4.7%), underscore a global movement. A key focus of this section is to highlight the very strong investment opportunity for alternative brands to global brands that are seen as complicit in unethical practices across food & beverage, modest fashion, and other categories.

## THE SHIFTING ECONOMIC LANDSCAPE: MULTINATIONAL CORPORATIONS UNDER PRESSURE

**Consumer-led activism, amplified by geopolitical events, is causing significant financial and operational challenges for multinational corporations (MNCs) across various sectors.**

This pressure has manifested in tangible financial implications, including sales declines, profit warnings, and operational adjustments in affected regions.

McDonald's and Starbucks, for instance, reported declines in sales and profits in 2024. McDonald's global sales declined for the first time since 2020,<sup>39</sup> while Starbucks saw North American store sales dip by 3% and sales in the rest of the world by 6% in a Q2 2024 report.<sup>40</sup> KFC also faced significant setbacks, with over 100 outlets reportedly closing temporarily in Malaysia,<sup>41</sup> while KFC and Pizza Hut franchises in Türkiye were affected after the termination of franchise deals.<sup>42</sup>

The beverage sector was similarly affected. Coca-Cola and PepsiCo experienced challenges in Muslim-majority countries, with local brands gaining market share.<sup>43</sup> Western beverage brands faced a 7% sales decline in the first half of 2024 across the Middle East, according to NielsenIQ.<sup>44</sup> Specifically, Coca-Cola's volumes in Egypt declined by double-digit percentage points in the six months ending June 2024, a stark contrast to high single-digit growth in the same period of 2023.<sup>45</sup> PepsiCo's beverage volumes in its Africa, Middle East, and South Asia division "barely grew" in the six months following October 2023, after previously strong growth.<sup>46</sup>

Carrefour, the French retail giant, saw its net profits in 2024 decrease compared to 2023. Carrefour was forced to close all its branches in Jordan in November 2024 after a sales drop that started in October 2023.<sup>47</sup> Majid Al Futtaim Group, Carrefour's partner in much of the Arab region, terminated its dealings with Carrefour in Jordan and Oman due to financial losses,<sup>48</sup> while analysts noted that competition from local market entrants like LuLu, Spinneys, etc., could have played a role as well.<sup>49</sup>

These instances illustrate a clear economic trend: consumer activism, amplified by geopolitical events, can directly impact the financial performance and market presence of global corporations. The consistency of these reports across different sectors – fast food, beverages, retail – points to a broad-based consumer reaction.

## ASCENDANCE OF LOCAL AND ETHICAL ALTERNATIVES

**Alongside the pressure on MNCs, there has been a notable surge in consumer preference for local, Muslim-owned, and ethically aligned alternative brands, creating new market opportunities.**



PHOTO: GETTY IMAGES

## Key Alternative Brands by Sector

(OCT 2023–MAR 2025)

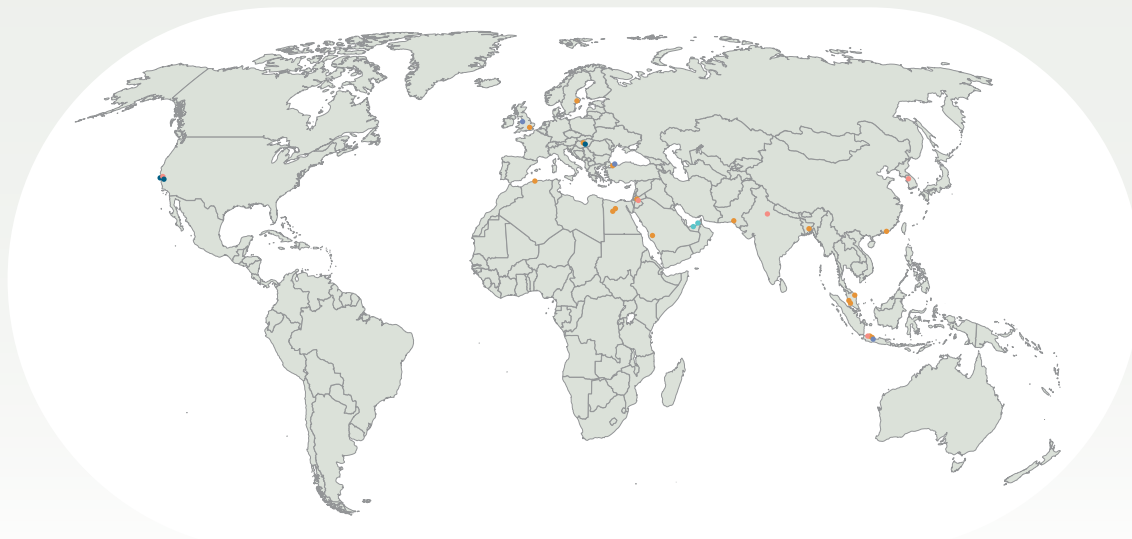
BRAND	COMPANY NAME	WEBSITE	SECTOR	HQ CITY	COUNTRY
Spiro Spathis	MYMCO for Food & Beverage	spirospathis.com	F&B	Cairo	Egypt
Kinza	Al-Jameel International Co.	kinzabev.com	F&B	Jeddah	Saudi Arabia
Shnider	United Egypt for Investment	unitedegyptonline.com/shnider	F&B	Giza	Egypt
Palestine Cola	Safad Food AB / Palestine Drinks	palestinedrinks.com	F&B	Stockholm	Sweden
Gaza Cola	Palestine House CIC	gazacola.shop	F&B	London	UK
Cola Next	Mezan Beverages (Pvt) Ltd	colanext.com	F&B	Karachi	Pakistan
V7	Benefit Co. for Healthy F&B	v7-benefits.com	F&B	Cairo	Egypt
Salaam Cola	Salaam Cola (Halal Beverage Dist.)	salaamcola.com	F&B	Istanbul	Türkiye / USA
Pakola	Pakistan Beverage Ltd	—	F&B	Karachi	Pakistan
ZUS Coffee	Zuspresso (M) Sdn Bhd	zuscoffee.com	F&B (coffee)	Shah Alam	Malaysia
Naskeen Coffee	Nasken International Sdn Bhd	naskencoffee.com	F&B (coffee)	Kota Bharu	Malaysia
Matrix Cola	Defaf Al-Nahrayn Co.	matrix-cola.com	F&B	Amman	Jordan
Alsi Cola	Alesayi Beverage Corp.	alsicola.com	F&B	Jeddah	Saudi Arabia
Mojo	Akij Food & Beverage Ltd	akijfood.com	F&B	Dhaka	Bangladesh
Mecca Cola	Mecca Cola World Group	meccacolagroup.com	F&B	Hong Kong	China (SAR)
ALBAIK	ALBAIK Food Systems Co.	albaik.com	F&B (fast-food)	Jeddah	Saudi Arabia
Almaz Fried Chicken	PT Abuya Berkah Indonesia	—	F&B (fast-food)	Bekasi	Indonesia
Beryl's Chocolate	Beryl's Chocolate & Confec.	berylschocolate.com.my	F&B (confectionery)	Seri Kembangan	Malaysia
Palmary	Sarl Palmary	-	F&B (confectionery)	Blida	Algeria
LuLu Hypermarket	LuLu Group International	gcc.luluhypermarket.com	Retail	Abu Dhabi	UAE
Spinneys	Spinneys Dubai LLC	spinneys.com	Retail	Dubai	UAE
Wardah	PT Paragon Tech & Innovation	wardahbeauty.com	Cosmetics	Jakarta	Indonesia
SABA Personal Care	Saba Personal Care Pvt Ltd	sabapersonalcare.com	Cosmetics	New Delhi	India
Mad for Makeup	PT Madverse	madformakeup.co	Cosmetics	Jakarta	Indonesia
Qeblawi Cosmetics	Qeblawi LLC	qeblawi.com	Cosmetics	San Francisco	USA
Talent Cosmetic (Sunwoo)	Talent Cosmetics Co. Ltd	talentcosme.net	Cosmetics	Seoul	South Korea
Ozone Cosmetics	Ozone Cosmetics Co.	ozonecosmetics.com	Cosmetics	Amman	Jordan
BooHoo (Modest)	Boohoo Group plc	boohoo.com	Fashion	Manchester	UK
LC Waikiki (LCW Modest)	LC Waikiki Mağazacılık	lcwaikiki.com	Fashion	Istanbul	Türkiye
Zoya	Shafira Corporation	zoya.co.id	Fashion	Bandung	Indonesia
Boycat	Boycat Inc.	boycat.io	Tech / App	San Francisco	USA
No Thanks	Bash Software	[Play Store]	Tech / App	Budapest	Hungary
Boycat	Boycat Inc.	boycat.shop	Tech / Marketplace	San Francisco	USA

\*THE LIST IS NOT EXHAUSTIVE; IT COMPRISES ONLY THOSE ENTITIES REFERENCED IN OUR SAMPLE, AND ADDITIONAL ONES MAY EXIST THAT WERE NOT CAPTURED.

## Global Map of Key Alternative Brands by Sector

Halal Food Retail Halal Cosmetics Modest Fashion Tech/App

(OCT 2023–MAR 2025)



This shift is not merely a rejection of certain companies but an active embrace of businesses that resonate with consumer values, creating new market dynamics. Ethical alternatives emerged across food, tech, and other sectors, filling the void left by avoided brands. The table below lists the prominent alternative brands mentioned (row) by sector, with their tweet counts, dominant language/region, and sentiment.

### FOOD & BEVERAGES: LEADING THE SHIFT

**The halal food & beverages sector has been at the forefront of this transition, with consumers actively seeking and promoting substitutes for Western brands.**

In Malaysia, this shift reportedly “pushed local brands to the forefront,” with the local coffee chain ZUS Coffee opening 200 new outlets and expanding internationally,<sup>50</sup> while Starbucks Malaysia reported a net loss of RM91.5 million for the 2024 fiscal year, compared to a net profit of RM103.4 million in the previous year.<sup>51</sup> Analysts note that consumers who switched away from premium global coffee brands have now become “entrenched in more affordable alternatives,” indicating these habits may stick.<sup>52</sup>

Similarly, local cola brands have seen a surge in demand. In Jordan, Matrix Cola reported a 200% rise in sales since December 2023.<sup>53</sup> Egypt’s V7 cola brand tripled its exports in 2024 compared to 2023 and saw a 40% sales increase domestically.<sup>54</sup> In Pakistan, local brands like Cola Next and Pakola increased their share of the soft drinks category on a leading delivery app from approximately 2.5% to 12%.<sup>55</sup> Alsi Cola in Saudi Arabia, which holds a significant domestic market share, also saw sales surge regionally.<sup>56</sup> This trend is further exemplified by the emergence of brands like Palestine Cola, launched by a Palestinian-Swedish family,<sup>57</sup> and Gaza Cola in the UK, framed as “apartheid-free” alternatives.<sup>58</sup>

The fast-food segment echoes this pattern. Local and regional chains have picked up the slack. Indonesia’s Almaz Fried Chicken expanded to 37 outlets nationwide, attributing its success directly to customers “actively choosing local alternatives” as a form of support for a cause.<sup>59</sup> A Malaysian survey in early 2024 found 62% have shifted to domestic fast-food outlets (e.g. a locally run fried chicken chain), and 58% are choosing local confectionery brands such as Beryl’s chocolate over imported alternatives.<sup>60</sup>

The success of these alternatives is often amplified by a sense of “patriotic consumption” or “solidarity purchasing.” Consumers are not only choosing these brands because they are not the non-preferable entities but also because they represent local economic empowerment, national pride, or direct support for the cause aligned with their values. For instance, a tweet promoting Mojo in Bangladesh highlighted that “Palestine will get BDT 1 per bottle,”<sup>61</sup> directly linking consumption to a charitable financial contribution. Cola Next in Pakistan strategically changed its slogan to “Because Cola Next is Pakistani,” emphasizing its local identity.<sup>62</sup>

This emotional and nationalistic connection serves as a powerful market driver, suggesting that the appeal of these alternatives is multifaceted, extending beyond simple substitution to embodying positive attributes of local identity and ethical alignment.





### SENTIMENT SPOTLIGHT ON HALAL FOOD SECTOR

**Focusing on the halal food sector, our sentiment analysis observes clear growth and inflection points in alternative engagement.**

Engagement with halal food alternative tweets was heavily driven by likes and retweets, indicating broad

endorsement. The figure below shows the breakdown of total interactions for halal food posts. The ratio of likes to replies (>35:1) implies that far more people signaled approval or agreement (liking) than engaged in discussion (replies). This pattern is typical for broadcast-style campaign tweets – many supporters amplify the message (retweets) or silently agree (likes), but fewer debate or inquire publicly. The relatively low quote count also suggests limited pushback or contextual commentary; most users simply echoed the message. We also note that these 42 tweets amassed ~2.35 million views, reflecting substantial reach. The average tweet in the halal food

### TOTAL ENGAGEMENT ON HALAL FOOD ALTERNATIVE-BRAND TWEETS (CUMULATIVE)

Likes		49,565
Retweets		19,714
Replies		1,404
Quotes		653

sector got ~55K views, 1.18K likes, and 470 retweets.

Breaking down halal food into sub-categories, we find that beverage alternatives (coffee, cola, etc.) slightly outpaced food/restaurant alternatives in volume and positivity. Beverage-related tweets were often celebratory (as seen with Palestine Cola, Mojo, etc.), whereas restaurant-related tweets sometimes carried an undertone of sacrifice (giving up favorite fast food). However, statistically, the difference in sentiment was not significant (as noted, ~54.5% vs 35.3% positive,  $p \approx 0.23$ ). Within beverages, coffee alternatives (e.g., Zus Coffee, local cafés) featured in regions like Malaysia, while cola alternatives were a pan-Islamic phenomenon (Palestine Cola, Mecca Cola mentions across countries). Within food, much attention was on fast-food chains: e.g., **McDonald's** and **KFC**, with hints at alternatives like **AlBaik** (a Saudi chain) circulating anecdotally. Dairy products (**Nestlé**, etc.) got a few mentions, too, often in lists of brands to avoid, with encouragement to buy local milk or sweets instead (seen in some Arabic tweets and replies).

Narratively, five key themes emerged in halal food alternative tweets:

- **Religious duty:** Consumers framed choosing halal alternatives as part of faith and solidarity.
- **Quality and value:** Users often claimed local alternatives tasted better or were better.
- **Economic resistance:** Many explicitly tied purchases to resistance, using phrases like “vote with your wallet”.
- **Community building:** People shared personal experiences of discovery.
- **Inflection points:** Several tweets highlighted major turning points, such as a news report of **Starbucks'** stock dipping in Q4 2023 as MENA sales fell.

## COSMETICS AND FASHION

### Mainstream brands face a dual vulnerability with calls to avoid these brands.

In the cosmetics market, our original dataset noted calls to avoid brands like **MAC**, **Charlotte Tilbury**, and **Estée Lauder**. These mainstream brands face a dual vulnerability: shifts linked to geopolitical issues and broader ethical scrutiny concerning supply chains (e.g., child labor allegations in jasmine sourcing for **L'Oréal** and **Estée Lauder**) or product ingredients. This compounded pressure creates a substantial opportunity for halal and ethically certified brands that can offer transparency and value alignment. While Estée Lauder reported sales declines in some regions and periods,<sup>63</sup> **L'Oréal** saw growth in its SAPMENA-SSA<sup>64</sup> region (+12% like-for-like in 2024<sup>65</sup>), indicating a complex market landscape where factors can be intertwined.

Numerous halal cosmetic brands are emerging or expanding, such as **Wardah** (Indonesia), **SABA Personal Care** (India), **Mad for Makeup** (Indonesia), **Qeblawi Cosmetics** (US), and **Talent Cosmetic Co. Ltd.** (South Korea, with its **Sunwoo Cosme** brand being the first Korean halal-certified line).

Modest fashion is also gaining traction and going mainstream. Examples include UK-based **BooHoo's** modest collection, Türkiye retailer **LC Waikiki's** dedicated modest clothing store in Qatar, and Indonesian brand **Zoya's** expansion across Southeast Asia.<sup>66</sup>

The convergence of these developments suggests that the fashion and cosmetics sectors are poised for a significant realignment as Muslim consumers increasingly demand products that reflect their ethical and religious values.

## USER ADOPTION AS MARKET INFLUENCE

### Technology has played a crucial role in this consumer shift, empowering individuals to make informed decisions.

Apps like **Boycat**<sup>67</sup> and **No Thanks**,<sup>68</sup> designed to scan barcodes and provide information on brands' affiliations, have gained significant traction.<sup>69</sup> In our dataset, one tweet introducing the app garnered 15.8K likes and 4.26 million views, indicating massive reach and user interest.

The rapid adoption and high engagement with such “activist tech” demonstrate a behavioral shift. Consumers are integrating these tools into their daily shopping routines, signifying a new market for tech-enabled ethical consumerism. While direct revenue for these apps is not the primary focus, their influence on purchasing decisions across numerous other sectors represents a significant indirect economic impact. The emergence of these tools and platforms like **Boycat** (an alternative marketplace) points towards the development of a dedicated infrastructure supporting long-term ethical consumption,<sup>70</sup> indicating a maturation of the consumer movement beyond immediate reactions to a more sustained, technologically facilitated approach to ethical purchasing.

## CONSUMER SENTIMENT & KEY CATEGORIES

The social media analysis of 443 alternative brands' focused social media posts indicated a strong focus on food & beverages and technology, where specific alternative brands were named.

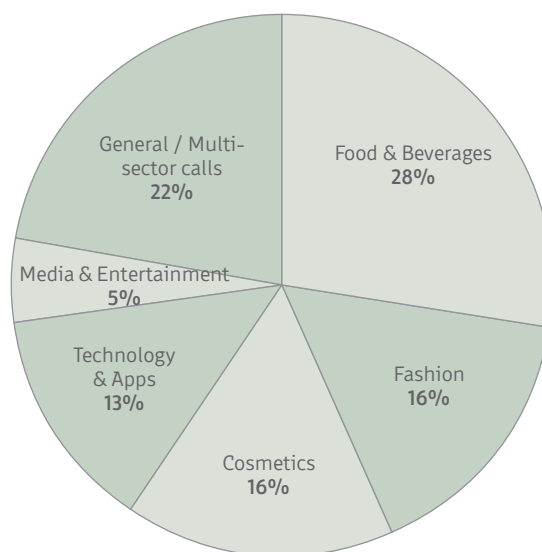
A subsequent thematic review of the 378 tweets originally categorized as "Other" (general calls for alternatives without brand mentions) provided a more nuanced view of the breadth of consumer interest.

This distribution suggests a more widespread interest in finding alternatives across sectors like fashion and cosmetics than was apparent when only counting explicit brand mentions.

The sentiment expressed in these social media posts often correlates with the tangible success of alternatives, the sense of empowerment provided by new tools, or, conversely, frustration with the existing market.

The high positive sentiment in food & beverages and technology reflects consumer satisfaction with readily available and impactful alternatives. For fashion and cosmetics, while explicit alternative brand mentions were initially low, the strong market growth and ethical drivers suggest an optimistic underlying consumer base eager for suitable options.

## SECTORAL DISTRIBUTION OF ALTERNATIVE-FOCUSED TWEETS (OCT 2023–MAR 2025, % OF 443 TWEETS)



### Sentiment Towards Ethical Alternatives by Sector

SECTOR	% TWEETS	% POSITIVE SENTIMENT	ECONOMIC CONTEXT/IMPLICATION FOR SENTIMENT
Food & Beverages	27.5%	~48%	High positivity driven by tangible success of local alternatives (e.g., <b>ZUS Coffee</b> , <b>local colas</b> ), job creation, visible impact on MNCs. Empowerment through choice.
Fashion	16.0%	[Original 100% on n=1] Likely mixed but optimistic.	Growing market for modest fashion indicates high underlying demand. Positive sentiment reflects desire for ethical options. Potential for negativity if local/ethical choices are perceived as limited or costly.
Cosmetics	16.0%	[Original 100% on n=1] Likely mixed but optimistic.	Strong growth in halal cosmetics. Positive sentiment from desire for ethical/pure products. Scrutiny of MNCs (e.g., child labor) could drive negative views of incumbents and positive views of alternatives.
Technology & Apps	13.3%	~58%	Highest positivity due to empowerment from tools (e.g., <b>Boycat</b> ) facilitating alternative discovery. Sense of agency.
Media & Entertainment	5.0%	0%	Low positivity reflects challenges in finding/adopting alternative media, ongoing dissatisfaction with mainstream narratives.
General/Multi-Sector	22.1%	~29%	Baseline sentiment, often focused on avoiding calls without immediate solutions, hence more neutral or expressing frustration.

# Strategic Outlook: Four Key Insights into Long-Term Market Reshaping

The consumer response to the globally recognized Palestinian genocide is more than a transient phenomenon; it appears to be a significant catalyst accelerating a durable shift towards an ethical and halal-centric economy within Muslim consumer markets and beyond.

## STRUCTURAL MARKET RESHAPING AND REALIGNMENT OF CONSUMER LOYALTIES

The observed phenomena – MNC profit warnings and operational retrenchments coupled with the concurrent rise of local and ethical alternatives and their supporting financial ecosystems – point towards a structural reshaping of consumer market opportunities. This is not merely a temporary downturn for some corporations but a potential realignment of market share and consumer loyalties. The “**vote with your wallet**” philosophy, facilitated by technology and heightened awareness, is becoming an ingrained consumer practice. The sustained growth in Islamic finance and various halal market segments predates the recent shift but is now being significantly amplified.

## EMERGENCE OF AN “ETHICAL PREMIUM” IN HIGH-VALUE SECTORS

The growing ethical and halal markets, particularly in high-value sectors like fashion and cosmetics, present immense opportunities for businesses that can authentically align with consumer values. There is evidence that some consumers are willing to pay a premium for locally sourced or sustainable products (e.g., 18% of consumers in Saudi Arabia are willing to pay 11-20% more<sup>71</sup>), suggesting the market for ethical alternatives is maturing beyond price competition to value-based differentiation. This allows for an “**ethical premium**” for brands that genuinely deliver on their promises.

## CRUCIAL ROLE OF SUSTAINED INVESTMENT AND INNOVATION

To sustain this consumer shift momentum, continued financial investment—from venture capital, Islamic finance, and SME support programs – is crucial, alongside ongoing innovation in product development, supply chain transparency, and ethical marketing.

## AMPLIFICATION OF PRE-EXISTING ETHICAL AND HALAL DEMANDS

While the Palestinian crisis served as a powerful, unifying trigger, the rapid and widespread consumer shift was enabled by pre-existing, albeit perhaps slower-moving, ethical consumer sentiments and a growing demand for halal, sustainable, and locally produced goods. The recent event acted as an accelerant, crystallizing these latent demands into mass action.

CREDIT/SHUTTERSTOCK

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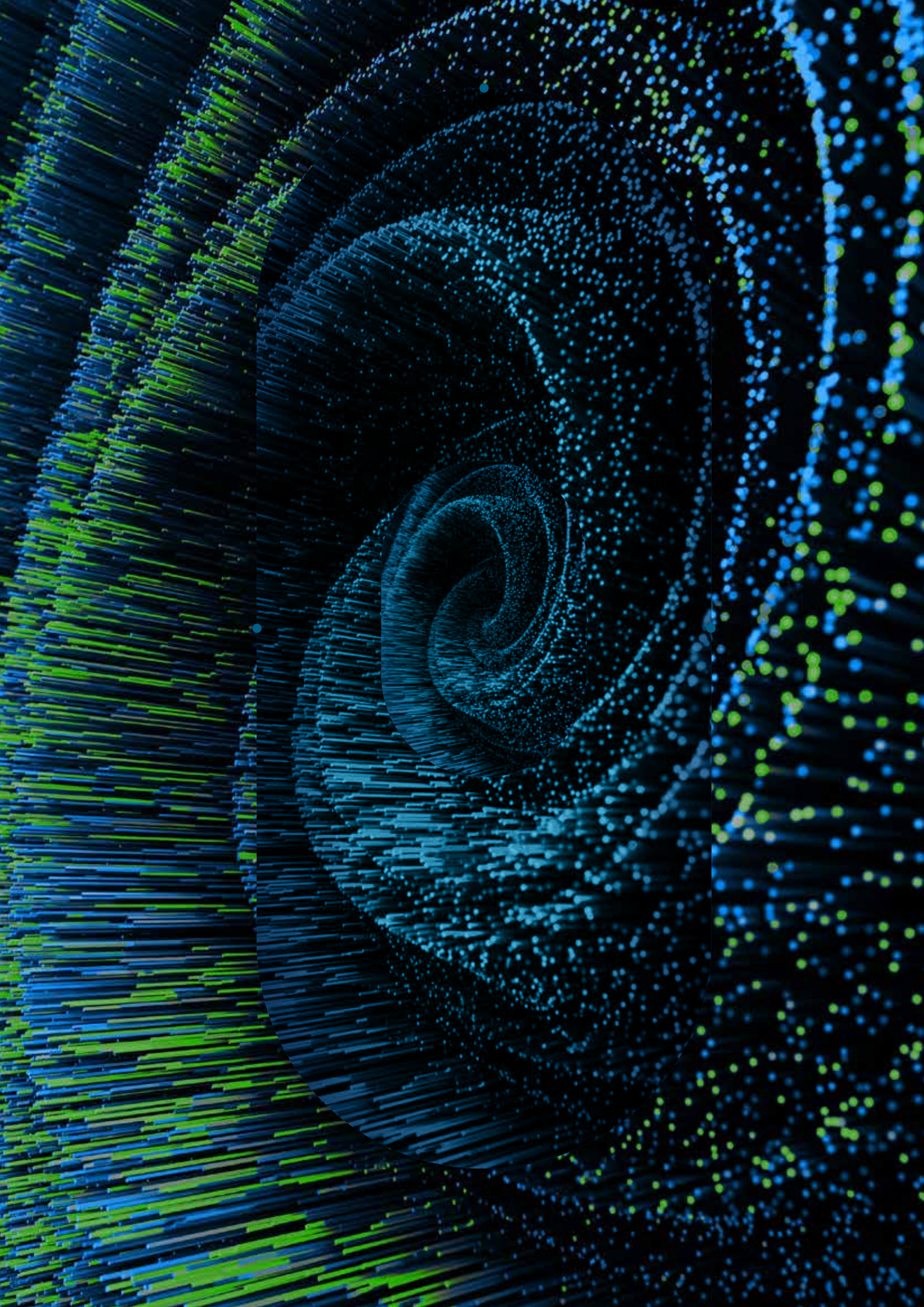
CHAPTER

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3

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**THE GLOBAL  
ISLAMIC  
ECONOMY  
INDICATOR  
(GIEI)**







# Purpose and Methodology

The Global Islamic Economy Indicator (GIEI) offers a comprehensive picture of countries currently best positioned to address the multi-trillion-dollar global halal economy opportunity.

In its eleventh year, the purpose of the GIEI is to benchmark the leading national ecosystems best able to support the development of Islamic economy business activity relative to their size. Since its inception, the GIEI has been a key measurement tool for countries looking to develop their Islamic economy offerings. It has allowed them to pinpoint the areas for development and address those directly.
















The GIEI is a composite weighted index that measures the overall development of the Islamic economic sectors by assessing the performance of its parts in line with its broader social obligations. It is made up of 52 metrics organized into five components for each of the sectors of the Islamic economy (Islamic finance, halal food, Muslim-friendly travel, modest clothing, media/recreation, halal

pharmaceuticals/cosmetics). The different components that make up the indicator are as follows:

- **Financial sub-indicators:** Metrics that gauge the size of the sector.
- **Governance sub-indicators:** Metrics to gauge the halal certification and shariah regulatory landscape (as applicable).
- **Awareness sub-indicators:** Metrics to understand the extent of awareness the sector has built through the press, as well as through related events.
- **Social sub-indicators:** Metrics to understand the social impact of the sector.
- **Innovation sub-indicators:** Metrics to understand the innovation landscape of the sector.

To further align the indicator with its purpose, the weightage of the sub-indicators has been adjusted to better highlight the development of the Islamic economy ecosystem.

## Top 15 Global Islamic Economy Indicator Score

1	2	3	4	5
				
MALAYSIA	SAUDI ARABIA	INDONESIA	UNITED ARAB EMIRATES	BAHRAIN
6	7	8	9	10
				
JORDAN	KUWAIT	PAKISTAN	TÜRKIYE	QATAR
11	12	13	14	15
				
OMAN	SINGAPORE	IRAN	UNITED KINGDOM	BANGLADESH

### Indicator Scores Breakdown for Top 15 Ranking Countries

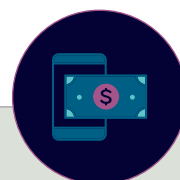
		GIEI	HALAL FOOD	ISLAMIC FINANCE	MUSLIM-FRIENDLY TRAVEL	MODEST FASHION	HALAL PHARMA-CUTICALS & COSMETICS	MEDIA AND RECREATION
1	Malaysia	165.1	117.0	282.6	136.8	76.7	136.1	102.4
2	Saudi Arabia	100.9	59.8	201.6	91.1	32.0	52.6	49.2
3	Indonesia	99.9	78.8	135.9	102.4	106.8	85.8	59.5
4	United Arab Emirates	95.8	84.1	141.9	89.3	50.9	73.1	66.3
5	Bahrain	81.9	59.6	145.4	66.5	30.3	43.6	64.0
6	Jordan	71.4	65.0	121.0	63.3	22.5	43.3	27.4
7	Kuwait	67.0	47.7	139.3	28.5	19.3	33.7	27.4
8	Pakistan	64.1	59.6	115.2	37.6	35.3	28.0	15.4
9	Türkiye	64.0	62.2	66.6	88.5	63.6	55.5	45.7
10	Qatar	60.4	49.2	91.6	48.8	25.1	35.5	72.2
11	Oman	58.0	55.5	95.1	35.7	22.3	34.1	36.4
12	Singapore	57.0	89.8	20.9	55.3	54.1	68.7	60.0
13	Iran	52.3	44.7	92.7	38.4	13.9	32.7	25.4
14	United Kingdom	47.6	63.2	23.2	36.0	52.8	52.1	75.6
15	Bangladesh	45.9	35.6	77.9	34.8	43.6	26.3	14.0

# Top 10 Ranked Countries by Sector



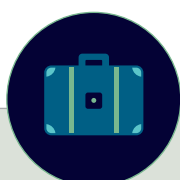
## Halal Food

		Score
1	<b>Malaysia</b>	<b>117.0</b>
2	Singapore	89.8
3	United Arab Emirates	84.1
4	Indonesia	78.8
5	Jordan	65.0
6	United Kingdom	63.2
7	Türkiye	62.2
8	Pakistan	59.8
9	Saudi Arabia	59.6
10	Bahrain	59.6



## Islamic Finance

		Score
1	<b>Malaysia</b>	<b>282.6</b>
2	Saudi Arabia	201.6
3	Bahrain	145.4
4	United Arab Emirates	141.9
5	Kuwait	139.3
6	Indonesia	135.9
7	Jordan	121.0
8	Pakistan	115.2
9	Oman	95.1
10	Iran	92.7



## Muslim-Friendly Travel

		Score
1	<b>Malaysia</b>	<b>136.8</b>
2	Indonesia	102.4
3	Saudi Arabia	91.1
4	United Arab Emirates	89.3
5	Türkiye	88.5
6	Tunisia	74.2
7	Bahrain	66.5
8	Morocco	63.8
9	Jordan	63.3
10	Kyrgyz Republic	57.8

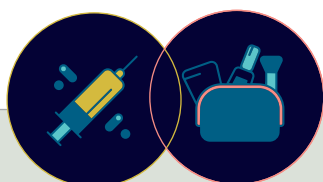


## Modest Fashion

		Score
1	<b>Indonesia</b>	<b>106.8</b>
2	Malaysia	76.7
3	Italy	64.7
4	Türkiye	63.6
5	Singapore	54.1
6	United Kingdom	52.8
7	United Arab Emirates	50.9
8	Germany	45.2
9	China	45.1
10	Australia	43.8



CREDIT/SHUTTERSTOCK



### Halal Pharmaceuticals and Cosmetics

		Score
1	<b>Malaysia</b>	<b>136.1</b>
2	Indonesia	85.8
3	United Arab Emirates	73.1
4	Singapore	68.7
5	Türkiye	55.5
6	Saudi Arabia	52.6
7	France	52.2
8	United Kingdom	52.1
9	Senegal	48.4
10	Brunei Darussalam	48.1



### Media and Recreation

		Score
1	<b>Malaysia</b>	<b>102.4</b>
2	United Kingdom	75.6
3	Qatar	72.2
4	United Arab Emirates	66.3
5	Bahrain	64.0
6	Singapore	60.0
7	Indonesia	59.5
8	China	53.1
9	Saudi Arabia	49.2
10	Canada	46.2



CREDIT/SHUTTERSTOCK

# Leading Countries

The top five countries remain unchanged from the previous year, with Malaysia retaining its leading position for the 11<sup>th</sup> consecutive year. Bangladesh and Pakistan are the biggest movers in the top 15, with Bangladesh entering back into the top 15 for the first time since 2019/20. Singapore and Iran have moved out of the top 10 but remain in the top 15.

## MALAYSIA

Malaysia has held its grip on the top position in the Global Islamic Economy Indicator. Malaysia achieved a first-place ranking across all sectors except modest fashion, where it placed second.

Malaysia's Department of Islamic Development (JAKIM) continues to spur the development of the Islamic economy in the country as well as globally through its collaboration and recognition of other halal bodies. In the last year, it recognized five additional foreign halal bodies from South America and Asia. Also in policy development, Bank Negara published an exposure draft of Islamic banking window guidelines, covering authorization, governance, and operational requirements to assist conventional banks with their shariah banking offerings. The Islamic Tourism Centre (ITC) and the Malaysian Budget and Business Hotel Association (MyBHA) signed an MoU to support the Association's members in obtaining the Muslim-Friendly Tourism and Hospitality Assurance and Recognition from ITC.

Malaysia ranks second-highest among OIC member countries in the Innovation sub-indicator. Digitalization and technological advancement are key priorities for Malaysia. AEON Bank, the first digital Islamic Bank in Malaysia, was launched in 2024. Malaysia is among the fastest-growing e-commerce markets, with a year-on-year growth rate of 18%. Malaysia Digital Economy Corporation (MDEC) has launched the Digital Tourism Innovation Lab to advance digital transformation in Malaysia's tourism sector.

Investment activity has been steady, with 23 transactions recorded for Malaysia. China will make investments worth four billion Malaysian ringgits in the halal industry.

## SAUDI ARABIA

Saudi Arabia retains the second position in the overall GIEI ranking for the fourth consecutive year. Saudi Arabia ranked among the top 10 in all sectors except modest clothing, ranking second in Islamic finance and third in Muslim-friendly travel.

Saudi Arabia saw a 24% year-on-year increase in Islamic finance assets. The country also saw significant sukuk activity, and several significant sukuk issuances, including a US\$ 3 billion issuance by Aramco.

Saudi Arabia recorded 38 Islamic economy-related investment transactions, the third-highest among OIC member states. The fintech platform, Tamara, attained unicorn status after it reached a US\$ 1 billion valuation after securing US\$ 340 million in a Series C equity funding round. The travel sector also saw US\$ 80 million in investments, mostly focused on the religious tourism sector. Saudi Arabia, through its Public Investment Fund and subsidiaries, is accelerating its tourism and cultural development by launching heritage-inspired entertainment ventures, investing in sustainable regional projects, building hotels and stadiums for its 2034 World Cup bid, and expanding mid-market tourism – all while surpassing its Vision 2030 goal of 100 million annual visitors and setting a new target of 150 million by 2030.

Saudi Arabia is becoming an increasingly important part of multinational and regional food producers' MENA strategy, with Brazilian company JBS and Nestlé looking to expand their manufacturing capabilities in the country. The country is also making significant investments in developing its halal food manufacturing industry through helping local players expand production and access export opportunities.



Saudi-based cosmetics and fragrance companies are drawing strong investor interest, with Al Majed for Oud's US\$ 188 million IPO selling out within hours, and online cosmetics retailer Nice One soaring 30% on its debut after a US\$ 320 million IPO. International cosmetics companies like Watson's and Flormar are set to expand into the country.

As part of its ambition to become the leading country in technology and innovation, Saudi Arabia is making bold investments across emerging sectors. The Kingdom has launched the US\$ 100 billion "Project Transcendence" to position itself at the forefront of AI and data analytics, beginning with the integration of AI into national broadcasting and the media industry. It is also applying AI to enhance the Hajj and Umrah experience – supported by a dedicated hackathon – and has introduced a "Regulatory Healthcare Sandbox" to accelerate innovation in AI, 3D printing, IoT, and biotechnology.

## INDONESIA

**Indonesia retained its third position in the overall GIEI ranking. Indonesia has moved into first position in modest fashion and is second in Muslim-friendly travel and pharmaceutical and cosmetics, respectively.**

Indonesia continues to strengthen its halal ecosystem through a series of strategic initiatives. The Halal Product Assurance Agency (BPJPH) plans to launch a super app to streamline halal certification for businesses and allow consumers to verify products with ease. A new halal certification system for international companies has also been introduced to boost food and beverage imports. Additionally, in partnership with KNEKS, the Ministry of Trade is working through the Indonesia Halal Export Incorporated (IHEI)

group to expand global market access by aligning programs, harmonizing export data, and identifying high-potential halal products. Indonesia is one of three OIC member states among the top 10 exporters to the OIC.

Building on its strong halal policies, Indonesia is also advancing its Islamic finance sector through supportive regulatory measures. The Financial Services Authority has introduced new regulations to facilitate regional bonds and sukuk issuances, enabling local governments to access Islamic capital markets for infrastructure and development.

Indonesia remains the top country for investment value of deals for 2023/24. Indonesia also received the second-highest FDI among OIC member states for 2023.

Indonesia continues to strive towards its goal of becoming the global hub for modest clothing. Its Modinity Group, with its well-known brand ButtonScarves, was named Asia's Best Performing Company in 2024 at the ACES awards. There are several government-backed initiatives aimed at developing the players in the modest clothing industry.

## UNITED ARAB EMIRATES

**The UAE retains the third position in the overall GIEI ranking. The UAE placed within the top five for each sector except modest clothing, where it placed 7<sup>th</sup>. This is mostly driven by excellent trade performance and a strong innovation score.**

The UAE is the second-largest intra-OIC exporter and is one of only three OIC member states among the overall top exporters to the OIC. The UAE is strengthening trade ties through a series of mutual economic agreements aimed at enhancing market access and regulatory cooperation.



CREDIT/SHUTTERSTOCK

Aerial photo of Jakarta

Its Comprehensive Economic Partnership Agreements (CEPAs) with Indonesia and Türkiye came into effect in September 2023, with the Türkiye deal notably including a halal cooperation clause to advance mutual recognition of halal certification. In 2024, the UAE also concluded CEPA negotiations with Morocco and Malaysia and signed a new agreement with Jordan, further reinforcing its position as a key trade partner across the Islamic world.

The UAE is rapidly emerging as a regional hub for food manufacturing and innovation, driven by strategic investments across the sector. Spinneys Dubai LLC secured a deal to expand its operations and halal-certified offerings, reinforcing its role in the premium halal food retail space. Al Ghurair Foods broke ground on a major poultry processing facility at KEZAD in Abu Dhabi, set to house the country's largest rendering plant. Meanwhile, UAE-based foodtech startup MealPlanet raised US\$ 6 million in seed funding to support its regional expansion.

The UAE is positioning itself as a global leader in artificial intelligence through its National Strategy for Artificial Intelligence 2031. This strategy aims to integrate AI across key sectors such as healthcare, education, and transportation, with the goal of contributing approximately AED 335 billion (US\$ 91 billion) to the nation's GDP by 2031.<sup>72 73</sup> UAE-based insilico medicine advances the world's first fully AI-generated drug to clinical trials. AI is leveraged from the treatment target to the drug's unique structure.

## BAHRAIN

**Bahrain is still fifth in the overall GIE indicator for the second year in a row. Bahrain's strength in the Islamic finance sector continues to grow as it has moved into**

**the third position. Bahrain has also moved into the fifth position for media and recreation.**

Bahrain's strongest performance was in the Islamic finance indicator, where a 41% increase in IFI assets and a 100% increase in the number of Islamic funds helped boost it to third position.

Bahrain is intensifying its efforts to achieve food security through strategic investments and partnerships that promote sustainable agriculture and reduce reliance on food imports. In line with its national food security strategy, which emphasizes boosting local production and adopting modern farming methods, the Kingdom's sovereign wealth fund, Mumtalakat, established the Bahrain Food Holding Company. This entity aims to consolidate food sector assets and prioritize investments in agrifood technologies to enhance food production, processing, and distribution.<sup>74 75 76</sup>


Complementing this initiative, Mumtalakat's real estate arm, Edamah, partnered with Badia Farms to develop a sustainable, solar-powered hydroponic farm in Hamala. Spanning 50,000 square meters, this project will employ advanced hydroponic techniques and renewable energy to enable year-round crop production, addressing the challenges of limited arable land and water scarcity in Bahrain. These concerted efforts underscore Bahrain's commitment to building a resilient and self-sufficient food system through innovation and sustainable practices.

To further strengthen its food ecosystem, Bahrain has introduced a new regulation aimed at standardizing halal food practices across the Kingdom. The edict outlines clear guidelines for halal certification processes and introduces a national halal mark, ensuring that food products comply with Islamic dietary laws and enhancing consumer trust in locally produced and imported halal goods.

# Promising Countries

Both Pakistan and Senegal's rankings have seen a marked increase this year, with Pakistan moving into the top 10 from 13<sup>th</sup> place in the previous year and Senegal moving up 18 ranks to reach 25<sup>th</sup> position.

## PAKISTAN

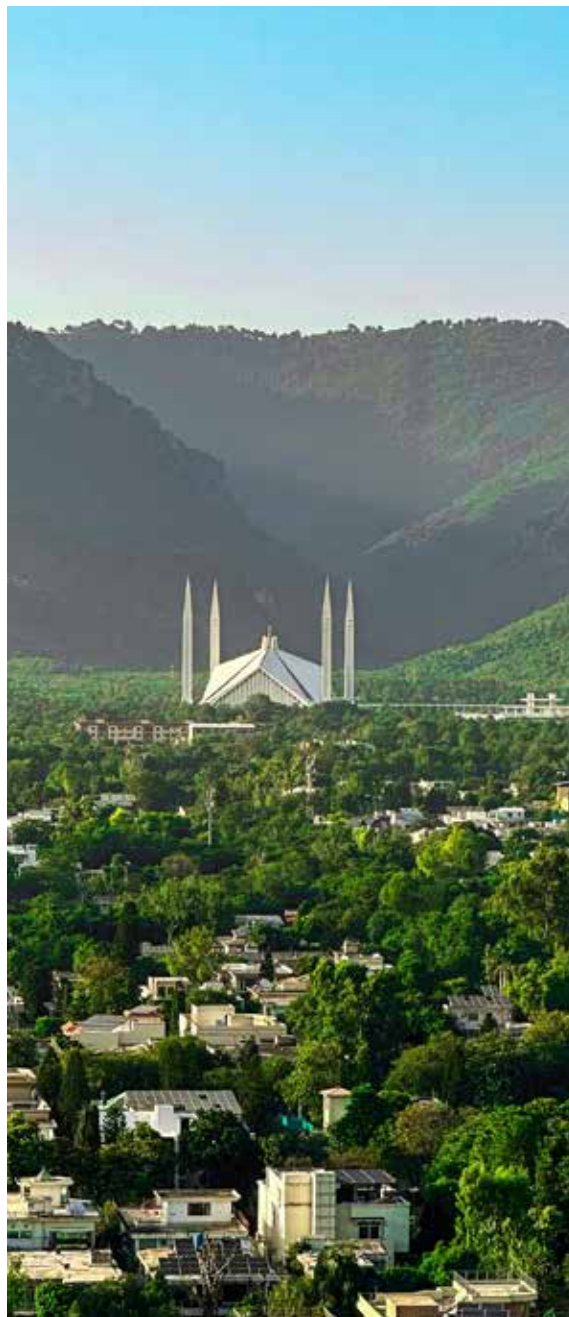
BIG MOVES	Islamic Finance: +3	
	Halal Food: +4	
	Modest Clothing: +11	

In Islamic Finance, Pakistan saw a 52% increase in the value of Islamic Funds and a 27% increase in its IFI assets.

There was a marked increase in exports from Pakistan to the OIC in food, clothing, media and recreation, and pharmaceuticals. Reflecting this upward trend, Pakistani meat processor The Organic Meat Company Limited secured a US\$ 4 million deal to supply frozen boneless beef to the UAE, while Malaysia agreed to import 100,000 metric tonnes of halal meat and Basmati rice from Pakistan, signaling growing demand for Pakistani halal products across key OIC markets. The Pakistani government is also considering a new initiative to unify the regulation of food, pesticides, and cosmetics under a single authority to align with international quality and safety standards. This plan would involve phasing out the Drug Regulatory Authority of Pakistan (DRAP) and establishing a more integrated oversight framework.

Pakistan is advancing its Islamic capital markets through a series of comprehensive regulatory reforms and innovative financial instruments. The Securities and Exchange Commission of Pakistan (SECP) is leading this effort under its Strategic Action Plan (2024–26), introducing new frameworks to strengthen Islamic financial institutions and enhance investor protection. In parallel, the State Bank of Pakistan is finalizing an alternative sukuk issuance structure to improve market liquidity and diversify funding sources. Additionally, Pakistan is exploring a non-interest-bearing, asset-backed central bank digital currency (CBDC).

Pakistan is also emerging as a high-potential Muslim-friendly tourism destination, with Saudi Arabia having shown interest in investing in the development of the coastal areas of Balochistan and establishing tourist cities in Khyber Pakhtunkhwa.



Faisal mosque in Islamabad, Pakistan

CREDIT/SHUTTERSTOCK



## SENEGAL

### BIG MOVES

Islamic Finance: +12  
 Modest Clothing: +10  
 Pharma & Cosmetics: +11



Senegal is rapidly emerging as a significant player in the global Islamic economy, propelled by its recent oil production successes and strategic economic reforms. In 2024, the country commenced production at its first offshore oil field, Sangomar, surpassing expectations by producing 16.9 million barrels of crude oil, well above the initial target of 11.7 million barrels. This energy boom has contributed to record economic growth, with GDP expanding by 8.9% in the third quarter of 2024.<sup>77 78 79 80</sup>

Complementing its energy advancements, Senegal is making strides in infrastructure development. The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) supported a highway and road program in Senegal, which garnered two Islamic Finance News (IFN) Awards in 2024, highlighting the country's commitment to shariah-compliant infrastructure development. These developments underscore Senegal's potential as a hub for Islamic economic activities in West Africa.<sup>81</sup>

Senegal has taken significant steps to enhance its export potential, particularly within the Islamic world. In 2023, it signed an EU€ 400 million annual plan with the International Islamic Trade Finance Corporation (ITFC) under the Arab Africa Trade Bridges (AATB) program, focusing on boosting trade in key sectors such as agriculture, health, and energy. Additionally, Senegal acceded to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, enabling international protection for its unique products linked to specific regions. As a member of the African Continental Free Trade Area (AfCFTA), Senegal benefits from reduced trade barriers across the continent, many of whose countries are members of the Organization of Islamic Cooperation (OIC).

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CHAPTER

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4

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**TRADE,  
INVESTMENTS,  
& FDI**







# Islamic Economy Trade Overview

In 2023, OIC member countries experienced a 1.79% decrease in imports of halal-related products. The total value dropped from US\$ 415.05 billion in 2022 to US\$ 407.75 billion in 2023. The food sector was the main contributor to this decline, contracting by 4.41%. One of the key drivers of this decrease was a price correction in wheat following record highs amid the Russia-Ukraine conflict. Other contributing factors included currency devaluation, domestic self-sufficiency, and climate disruption. Additionally, pharmaceutical imports continued to normalise, declining by 0.97% following the stabilisation of vaccine demand in the post-pandemic period.

Despite the overall decrease, the halal-related import market is forecast to grow to US\$ 608.36 billion by 2028, with a compound annual growth rate (CAGR) of 8.33%. This outlook is bolstered by growing Muslim population, rising halal awareness, stronger halal regulatory frameworks, and improving supply chain infrastructure across both OIC and non-OIC countries.



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Halal product trade spans diverse segments, including food and beverages, fashion (apparel and footwear), pharmaceuticals, and cosmetics. OIC member countries still account for a substantial portion of the global halal trade, underscoring the region's strategic value in the industry. With most OIC nations enforcing halal import regulations, compliance remains a key priority for exporters targeting these markets.

## NEED TO STRENGTHEN PRODUCTION AND INTRA-OIC TRADE

In 2023, OIC member countries remain heavily reliant on imports, posting a US\$ 76.37 billion trade deficit in halal products—an increase from US\$ 65.19 billion in 2022. Food remains the largest contributor to the deficit, followed by pharmaceuticals and cosmetics. This imbalance is further underscored by the fact that only three OIC nations—Türkiye, the UAE, and Indonesia—rank among the top 10 exporters to OIC countries, jointly supplying US\$ 46.10 billion worth of halal imports in 2023.

To address this issue, there is a pressing need to bolster intra-OIC trade by enhancing production capacity, promoting investment in halal-certified manufacturing, and pursuing regional trade agreements. Cultivating competitive halal industries within the OIC will strengthen self-sufficiency and mitigate external dependencies.

## HALAL PRODUCTS TRADE OPPORTUNITY

In 2023, food and fashion were the leading halal product categories. Although food imports experienced a minor decline, fashion imports rose by 8.58%, reflecting heightened demand for modest wear and halal-certified textiles. The cosmetics sector import expanded by 11.31%, driven by a growing preference for halal and ethically produced beauty products.

By contrast, pharmaceutical imports dipped by 0.97%, continuing the normalisation witnessed after the pandemic-driven surge. Although OIC pharmaceutical imports remain below 2021 levels, the long-term outlook is positive, underpinned by increasing healthcare expenditure and advancements in halal pharmaceutical regulations.



CREDIT/UNSPASH

## HALAL IMPORT TRADE IN 2023

### TOP 10 OIC IMPORTERS

(US\$ BILLION)

<b>Saudi Arabia</b>	<b>43.06</b>
United Arab Emirates	41.26
Türkiye	33.91
Indonesia	29.64
Malaysia	26.84
Egypt	22.06
Iraq	19.08
Iran	18.51
Algeria	12.97
Kazakhstan	12.70

Despite a 2.53 percent decline from 2022 Saudi Arabia remained the OIC's top halal importer in 2023, with imports totaling US\$ 43.06 billion. The Kingdom reported substantial food imports from Brazil, India, and the UAE, along with fashion products from China. The UAE and Türkiye ranked second and third. Kazakhstan recorded a 20.39 percent increase in imports, reaching US\$ 12.70 billion in 2023, making it the 10th largest OIC halal importer.

## HALAL EXPORT TRADE IN 2023

### TOP 10 EXPORTERS TO OIC

(US\$ BILLION)

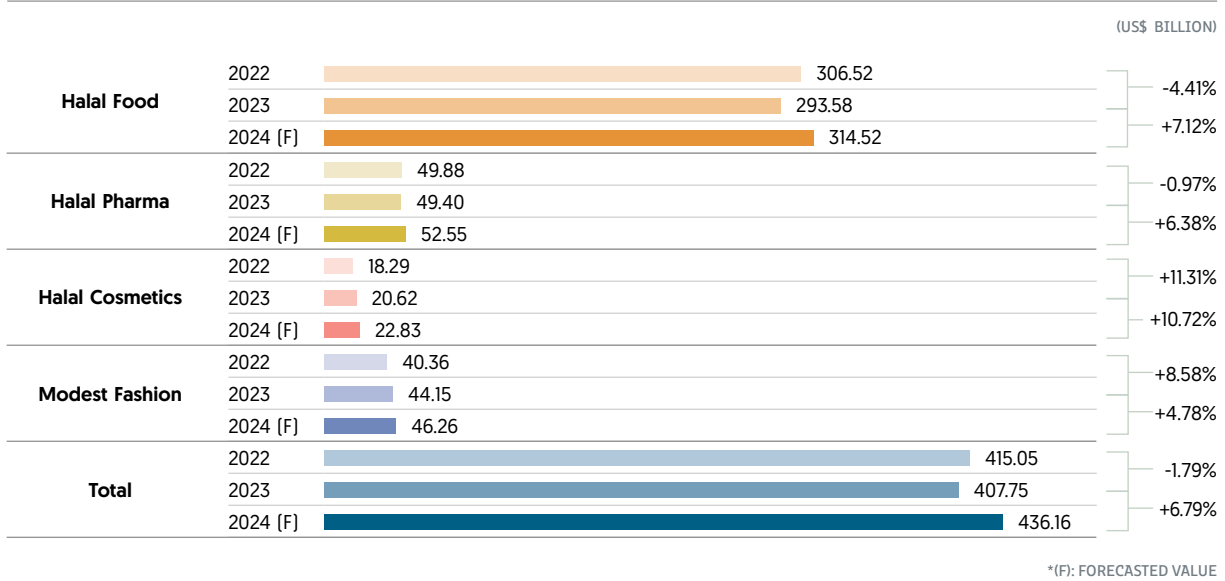
<b>China</b>	<b>32.51</b>
India	28.88
Brazil	26.93
Russia	20.61
USA	20.16
Türkiye	17.76
United Arab Emirates	16.01
France	15.16
Indonesia	12.33
Germany	12.10

BRIC countries have become the top suppliers of halal products to OIC countries, led by China (US\$ 32.51 billion), India (US\$ 28.88 billion), Brazil (US\$ 26.93 billion), and Russia (US\$ 20.61 billion). The United States follows the BRIC countries with US\$ 20.1 billion. Three OIC countries are also among the top 10: Türkiye ranks sixth (US\$ 17.76 billion), the UAE ranks seventh (US\$ 16.01 billion), and Indonesia ranks ninth (US\$ 12.33 billion).

## ISLAMIC ECONOMY SECTOR IMPORT GROWTH

The total value of imports for OIC member states in 2023 was US\$ 407.75 billion. 72% of this figure was attributed to food imports. This represents a 1.79% decrease from the total import value of US\$415.05 billion in 2022. While imports of cosmetics and fashion increased by US\$ 2.33 billion and US\$ 3.79 billion respectively, the value of food imports declined by US\$ 12.94 billion.

### SECTOR GROWTH 2022 TO 2024



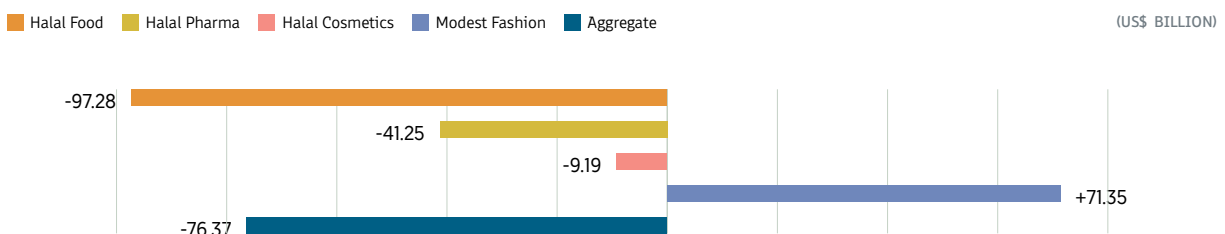
## ISLAMIC ECONOMY SECTOR TRADE BALANCE

In 2023, the majority of OIC member countries rely heavily on imports, resulting in a negative trade balance of US\$ 76.37 billion. The food sector is the primary contributor to this deficit, with a negative trade balance of US\$ 97.28 billion. Conversely, the fashion sector is the sole sector with a positive trade balance, reaching US\$ 71.35 billion, with Bangladesh contributing US\$ 51.01 billion from total footwear and apparel exports to this surplus.

The expanding trade deficit across key halal product

categories highlights the urgent need for strategic policy measures to bolster domestic halal production and reduce external reliance. The expanding trade deficit in key halal product categories is driven by several interrelated factors: limited domestic production capacity, exacerbated by underinvestment in modern infrastructure, technology, and innovation, forces a reliance on imported goods, while complex regulatory and certification procedures further impede local manufacturers from scaling up production efficiently. Additionally, logistical challenges make imports more economically attractive compared to domestically produced items, thus widening the deficit.<sup>82</sup>

### TRADE BALANCE 2023



# Islamic Economy Investment Activity Total IE M&A Quantification

## METHODOLOGY

In this year's report, we ensure that our methodology encompasses a comprehensive analysis of all sector-relevant companies within OIC member countries and Islamic economy-focused companies outside the OIC that engaged in mergers and acquisitions (M&A) activities or secured funding through venture capital or private equity between August 1, 2023, and July 31, 2024. This approach ensures a holistic view of the market dynamics. Additionally, we applied the same methodology to transactions from the previous year to enable consistent year-on-year comparisons. Detailed insights into our methodology are provided in the Methodology section of this report.

## OVERVIEW

Media & recreation leads with the highest number of transactions at 87, with a deal value of US\$ 451.27 million and an average ticket size of US\$ 5.19 million. Islamic finance follows with 59 transactions, recording the highest deal value at US\$ 1.98 billion and an average ticket size of US\$ 33.68 million. Halal food recorded 29 transactions with a deal value of US\$ 1.29 billion, showcasing the average ticket size at US\$ 44.71 million. Muslim-friendly travel had 17 transactions and halal pharmaceuticals had 23 transactions, with deal values of US\$ 1.37 billion and US\$ 656.24 million. Emerging sectors like modest fashion and halal cosmetics had the fewest transactions at 2 and 8, respectively, with smaller deal values of US\$ 300 thousand and US\$ 10.01 million, highlighting their niche status.

Media & recreation saw a dramatic surge from 21 to 87 transactions, reflecting increased investor interest, while Islamic finance declined from 91 to 59, and halal food dropped significantly from 44 to 29 deals. Halal pharmaceuticals also decreased from 35 to 23 transactions, and emerging sectors like modest fashion and halal cosmetics saw reductions from 6 to 2 and 10 to 8 deals, respectively. Muslim-friendly travel, however, experienced a slight increase from 13 to 17 transactions.

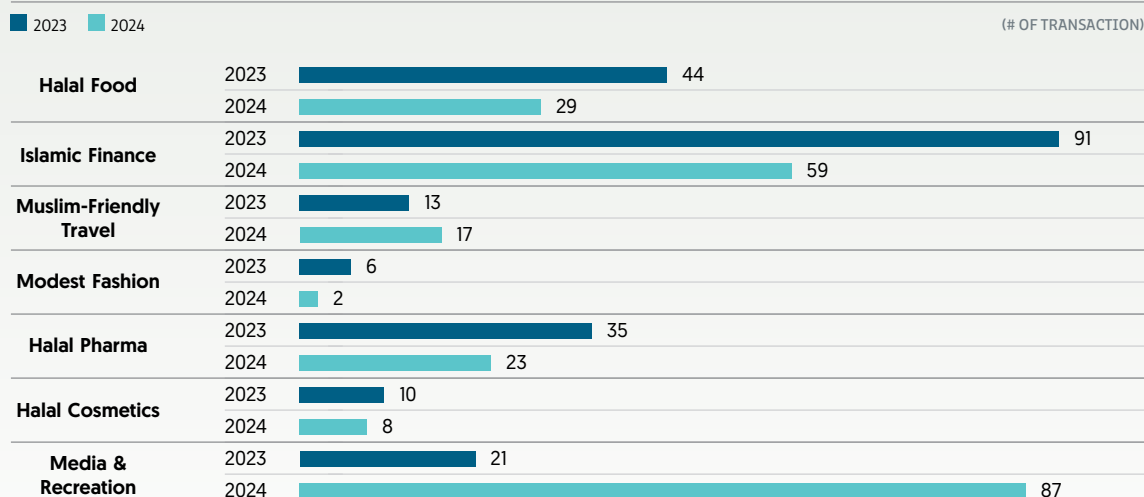
The surge in Media & recreation likely stems from the post-pandemic boom in digital content consumption, with platforms catering to Muslim audiences gaining traction. The decline in Islamic finance and halal food aligns with

economic adjustments post-COVID, including rising interest rates and inflation in 2023/24, which increased borrowing costs and reduced demand for capital-intensive projects. Halal pharmaceutical's decrease may reflect regulatory complexities, while the slight rise in Muslim-friendly travel aligns with the sector's projected growth, driven by renewed global tourism. Modest fashion and halal cosmetics' declines highlight their niche status, facing competition from mainstream brands.



CREDIT/SHUTTERSTOCK

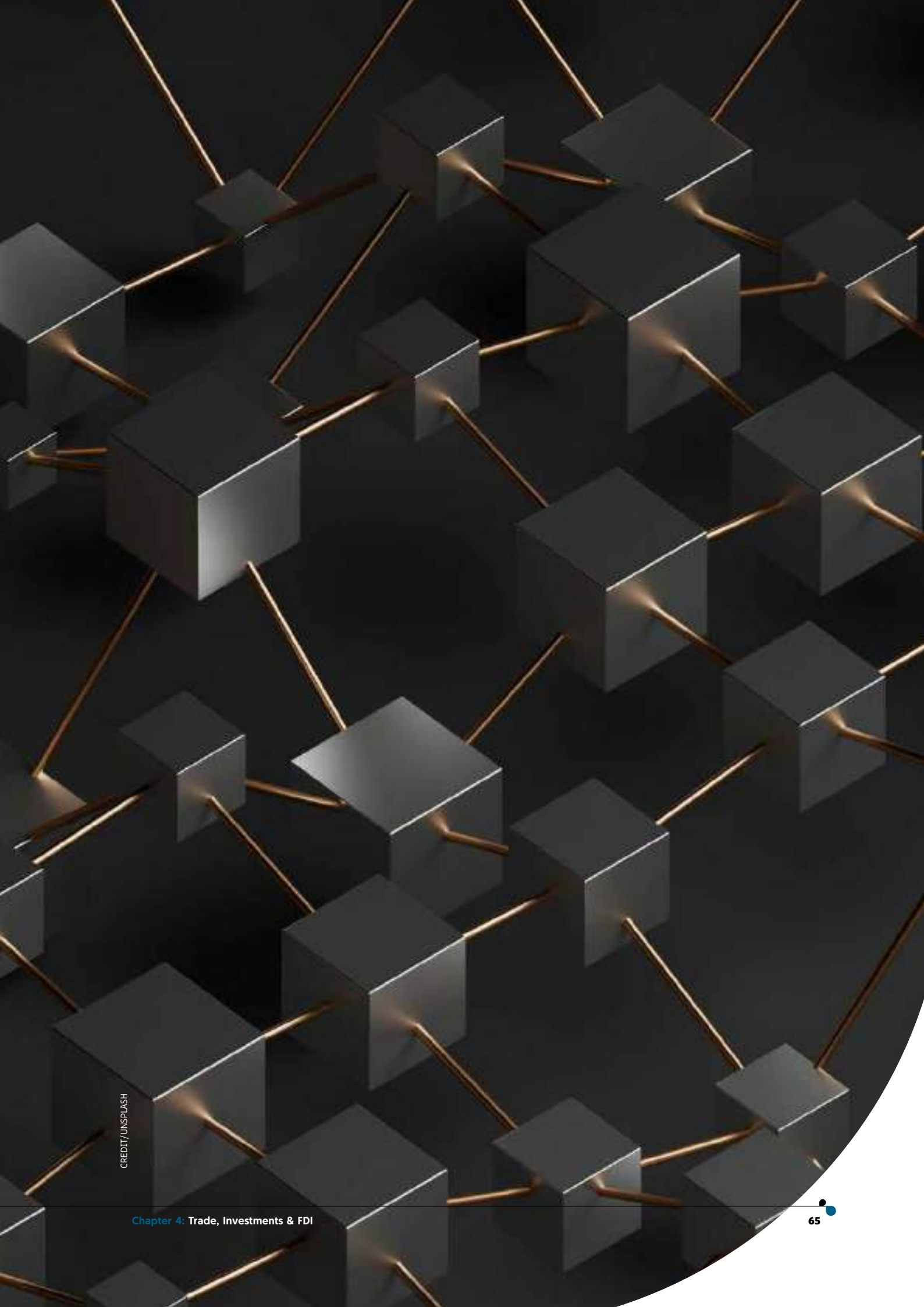
## Investment Overview 2023/2024



BY DEAL TYPE	DEAL VALUE (IN '000 US\$)	# OF TRANSACTION	AVERAGE TICKET SIZE
M&A	2,784,500	12	232,042
PE	867,160	36	24,088
VC	2,123,775	177	11,999

## Top 10 M&A Transactions by Disclosed Value

TARGET	SECTOR	YEAR	DEAL VALUE (IN '000 US\$)	ACQUIROR
PT Pantai Indah Kapuk Dua Tbk (IDX:PANI)	Muslim-Friendly Tourism	2023	673,290	PT Multi Artha Pratama
Cosumar SA (CBSE:CSR)	Halal Food	2023	610,070	Mutuelle Agricole Marocaine d'Assurances; Sucres et Denrées S.A.; Caisse Interprofessionnelle Marocaine de Retraite; Regime Collectif d'Allocation de Retraite; Mutuelle Centrale Marocaine d'Assurances (MCMA)
PT Mandala Multifinance Tbk	Islamic Finance	2023	469,030	MUFG Bank, Ltd.; PT Adira Dinamika Multi Finance Tbk (IDX:ADMF)
Spinneys 1961 Holding plc	Halal Food	2024	374,920	Emirates International Investment Company LLC; Templeton Asset Management Ltd.; Franklin Templeton Investments (Middle East) Limited
Dubai Taxi Company P.J.S.C.	Muslim-Friendly Tourism	2023	314,710	General Pension and Social Security Authority; Emirates Investment Authority
PT GoTo Gojek Tokopedia Tbk	Muslim-Friendly Tourism	2023	150,000	International Finance Corporation; Franke Holding AG
Allianz Saudi Fransi Cooperative Insurance Company	Islamic Finance	2023	133,070	Abu Dhabi National Insurance Company PJSC (ADX:ADNIC)
BankIslami Pakistan Limited	Islamic Finance	2023	23,340	JS Bank Limited (KASE:JSBL)
Arabian Shield Cooperative Insurance Company	Islamic Finance	2024	21,600	Alinma Bank (SASE:1150)
Arabian Mills for Food Products Company	Halal Food	2023	9,860	The National Agricultural Development Company



CREDIT/UNSPLASH

## Top 10 Private Equity Transactions by Disclosed Value

TARGET	SECTOR	YEAR	DEAL VALUE (IN '000 US\$)	ACQUIROR
Aster DM Healthcare	Halal Pharma	2024	180,689	Axis Bank, Franklin Templeton, Morgan Stanley Asia, Gov. of Singapore
AmBank Group	Islamic Finance	2024	149,000	Undisclosed
Akdital	Halal Pharma	2024	94,428	Mediterrania Capital Partners
Kin dairy	Halal Food	2023	70,000	Growtheum Capital Partners
Electric Vehicle Infrastructure Company (EVIQ)	Muslim-Friendly Travel	2023	67,733	Saudi Electricity Company
CashPlus	Islamic Finance	2024	57,000	Mediterrania Capital Partners, Groupe Richbond
Adilmart	Media & Recreation	2023	39,112	Astrantia
Arabian Shield Insurance	Islamic Finance	2023	21,600	Alinma Bank
Volcano	Media & Recreation	2024	10,802	Undisclosed
Odysight.AI	Halal Pharma	2024	10,000	Mori Arkin

## Top 10 Venture Capital Transactions by Disclosed Value

TARGET	SECTOR	YEAR	DEAL VALUE (IN '000 US\$)	ACQUIROR
Salla	Islamic Finance	2024	130,000	Investcorp, Venture Souq, Raeed Venture, STV, and Vision Venture
Moove	Muslim-Friendly Travel	2024	100,000	BlackRock, Uber, AfricInvest, FJ Labs, Franklin Templeton
HyperSpace	Media & Recreation	2023	55,000	K5 Global, Galaxy Interactive, Apis Partners, Sega Sammy Holdings Inc., Rafael Ilishayev
Spyke Games	Media & Recreation	2024	50,000	Moon Active, Griffin Gaming Partners
Goala	Islamic Finance	2024	46,019	Eurazeo, responsAbility Investments, Peak XV Partners, MDI Ventures, Omidyar Network
Midas	Islamic Finance	2024	45,000	IFC, Earlybird Venture Capital, Portage Ventures, Spark Capital, Revo Capital
True Gamers	Media & Recreation	2024	45,000	Nawaf Albishri
Cadena	Islamic Finance	2023	43,000	LPL Financial, Gaorong Capital, China Equity, NTEC, Sid Damija
Noon - The Social Learning Platform	Media & Recreation	2023	40,800	Endeavor, Sanabil 500 MENA Seed Accelerator, Raeed Venture, STV4
Flare Network	Islamic Finance	2024	35,000	Digital Currency Group, Borderless Capital, MXC Capital, CoinFund, WinterMinute Venture

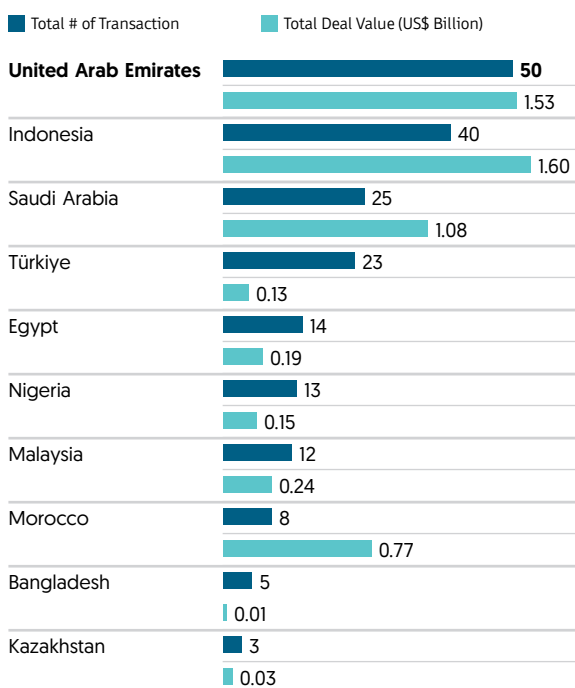
## INVESTMENTS BY GEOGRAPHY

The investment landscape in the Halal Economy across key countries shows the United Arab Emirates (UAE) leading with 50 transactions and a disclosed value of US\$ 1.53 billion, followed closely by Indonesia with 40 transactions and US\$ 1.60 billion, reflecting their strong positions as halal investment hubs. The UAE's leadership aligns with its 'We the UAE 2031' diversification efforts, while Indonesia's strength is driven by its large Muslim population (over 230 million) and government-backed halal initiatives, suggesting these regions are prime targets for investors seeking established markets.

Saudi Arabia and Türkiye also demonstrate significant activity, with 34 and 23 transactions valued at US\$ 1.08 billion and US\$ 127.58 million, respectively, highlighting their growing roles in the sector. Saudi Arabia and Türkiye, with significant transaction volumes, underscore the Middle East's growing role, likely boosted by religious tourism (e.g., Hajj/Umrah) and industrial capacity.

Investors should prioritize the UAE and Indonesia for high-volume, high-value opportunities, while emerging markets like Egypt and Nigeria offer growth potential with targeted support. South Asian countries may require policy interventions to attract more capital, suggesting a phased investment approach across regions.

### TOP 10 COUNTRIES BY NUMBER OF M&A, VC, AND PE DEALS IN 2023/24





CREDIT/SHUTTERSTOCK

# Investment by Sector and Outlook

## HALAL FOOD

The Halal Foods segment recorded a total of 29 deals in the 2023/24 period, with a combined disclosed deal value of US\$ 1.29 billion. This represents a decline of about 41.40% compared to the previous year, where we recorded 44 transactions. The segment now accounts for 12.89% of the total disclosed deal value, a decrease from 20.00% recorded last year, reflecting a notable reduction in its overall share. Rising inflation and increased production costs could have deterred large-scale deals, while shifting consumer preferences toward cost-effective or alternative food options may have further compressed the segment's deal value.

Large ticket sizes reflect investments in manufacturing facilities, cold chain logistics, and global export networks. For example, companies like Kin Dairies in Indonesia have secured multimillion-dollar funding for expansion.

Some notable deals are coming from the MENA region, which includes Morocco and the UAE:

- Sucden and a group of Moroccan institutional investors (MCMA, MAMDA, CIMR, RCAR) have purchased Wilmar's 30.05% stake (of which 10% is for Sucden) in Moroccan sugar producer Cosumar. Sucden and Cosumar intend to develop further synergies, focusing on marketing Moroccan sugar in the world market.<sup>83</sup>
- Spinneys Dubai LLC, a premium UAE-based retailer, secured a deal focused on expanding its operations and halal-certified product offerings. The transaction reflects Spinneys' strategy to capitalize on the growing demand for high-quality halal food products in the GCC, further solidifying its position as a key player in the region's halal food retail sector.

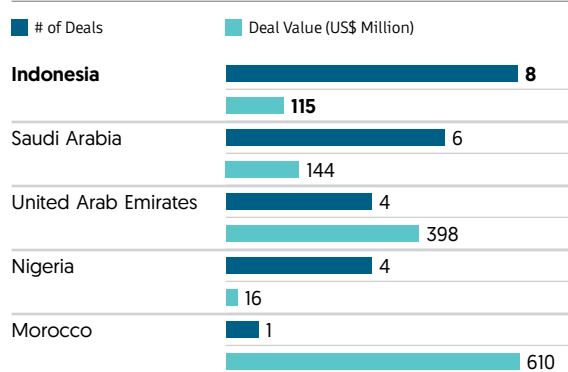
Within the halal food segment, Indonesia leads significantly, recording eight deals with an investment value of around US\$ 115 million, reflecting its dominant position in the halal food market. Nigeria follows with four deals and a much smaller investment value, indicating emerging but still moderate activity.

## Outlook

The global halal food investment outlook remains highly promising, driven by strong demand from a growing Muslim population and rising interest in ethical, high-quality food

solutions. Food security remains a key factor, with investments focusing on strengthening supply chains, halal logistics, and sustainable production. Additionally, halal food alternatives are expected to show stronger performance as mainstream brands face boycotts, increasing the likelihood of attracting more investment. Emerging bioindustry and AI-driven technologies, such as precision-fermented dairy proteins (e.g., Remilk) and AI-formulated flavors (dsm-firmenich), offer scalable halal-compliant options, though evolving certification frameworks present challenges.

### TOP 5 HALAL FOOD DEALS





## ISLAMIC FINANCE

The Islamic finance segment recorded 59 deals in the 2023/24 period with a total value of US\$ 1.98 billion. This marks a decline of 35.16% from the previous year's transaction of 91, reducing its proportion of total number of deal to 26.22%. Despite the sharp drop, the sector remains a key pillar of the Islamic economy, with notable investments reflecting growth opportunities in emerging markets:

- In 2024, AmBank was part of a significant transaction as Australia and New Zealand Banking Group (ANZ) fully exited its stake in the Malaysian lender, AMMB Holdings (AmBank), by selling its remaining 5.2% stake for approximately US\$ 149 million.<sup>84</sup>
- IFC, the Mediterranean Capital, and FMO, the Dutch Entrepreneurial Development Bank, invested EUR 57 million in CASHPLUS, Morocco's leading fintech and financial services network, to help the company expand its delivery of global remittances, digital transfers, bill settlements, and other modern payment solutions in both Morocco and Europe.<sup>85</sup>

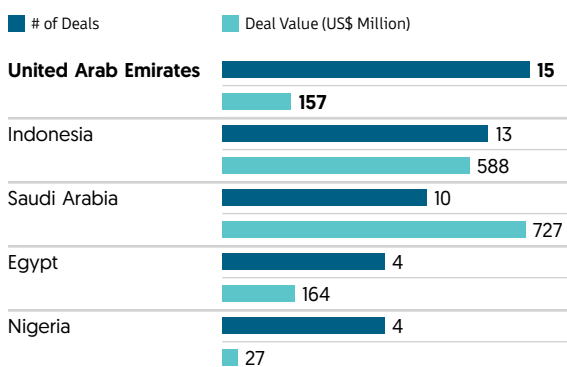
The United Arab Emirates leads with 15 deals, accompanied by a substantial investment value of US\$ 157.00 million. Indonesia follows with 13 deals and an investment value of US\$ 588.05 million, highlighting its significant market activity. Saudi Arabia ranks third with 10 deals and an impressive investment value of US\$ 726.60 million, reinforcing its dominance in Islamic finance. Egypt and Nigeria both have 4 deals each, with Egypt recording an investment value of US\$ 163.50 million and Nigeria at US\$ 26.50 million, marking the lowest value among the five countries.

## Outlook

The Islamic finance investment outlook remains positive. Key drivers include innovative developments that align with global financial trends and Shariah principles. The emergence of Shariah-compliant Central Bank Digital Currencies (CBDCs) alongside the expansion of digital sukuk and blockchain integration opens significant opportunities for banks and tech firms to create transparent, asset-backed solutions that enhance cross-border remittances and financial inclusion.

Despite a recent decline in the number of transactions in, the sector's long-term potential remains strong. Investors should focus on digital innovation, sustainable finance, and regulatory collaboration to capitalize on this evolving landscape.

### TOP 5 ISLAMIC FINANCE DEALS





Green Spaces and Parks in Jeddah, Saudi Arabia

## MUSLIM-FRIENDLY TRAVEL

The Muslim-friendly travel sector recorded 17 deals in the latest period, reflecting an increase of 30.77% compared to last year's 13 transactions. Increased awareness and government support for halal tourism infrastructure, such as prayer facilities and halal-certified accommodations, are encouraging investors to tap into this expanding market.

Notable investments include GoTo Gojek and Beond, companies making significant strides in travel services and luxury offerings to cater to Muslim travelers.

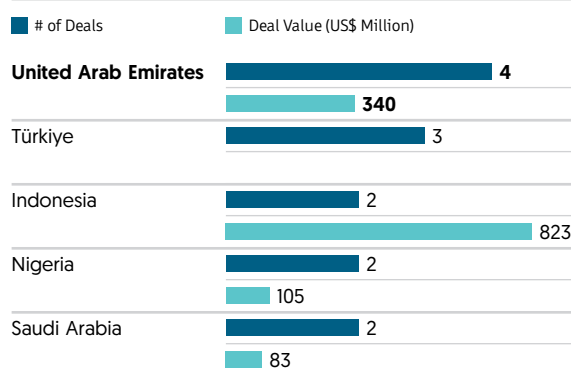
- IFC's strategic investment in GoTo for US\$ 150 million reflects a shared vision to enhance access to new opportunities across Indonesia, highlighting GoTo's position as an environmental, social, and governance (ESG) leader in the region and IFC's reputation globally as a proponent of ESG practices.
- Beond has announced the closing of a US\$ 25 million Series A funding round. Beond aims to deploy a fleet of 32 state-of-the-art and luxurious aircraft within the next five years, realizing its groundbreaking business model in the airline industry.

The Muslim-Friendly Travel sector in 2024 saw the United Arab Emirates and Türkiye leading with 4 and 3 deals respectively, while Indonesia, Nigeria, and Saudi Arabia each recorded 2 deals. This distribution highlights the UAE's dominance in deal value, likely driven by its strategic investments in halal tourism infrastructure, and Türkiye's appeal as a cultural and religious tourism hub for Muslim travelers.

## Outlook

The Muslim-friendly travel sector is expected to regain momentum in the coming year. The need for tailored travel experiences, including halal dining, prayer facilities, and culturally sensitive accommodations, will continue to rise. Emerging post-conflict destinations like Syria, Bangladesh, and Bosnia present high-risk, high-reward prospects as they rebuild tourism infrastructure to cater to halal travelers, with potential growth tied to stability and government support. Governments and private sectors in key destinations are increasingly investing in Muslim-friendly infrastructure and marketing campaigns to capture this lucrative segment. While economic uncertainties may influence short-term investments, the sector's long-term outlook remains robust, offering significant opportunities for innovation and expansion in halal tourism.

### TOP 5 MUSLIM-FRIENDLY TRAVEL DEALS





## MODEST FASHION

The modest fashion industry shows a modest performance as well, with only two recorded investments in the period compared to 6 investment it had in the previous year. The sector accounted for 0.89% of the total investment across other sectors, indicating that there remains some level of investor interest in modest fashion, albeit at a much lower scale than in previous years. The investment only happen in Lebanon and Egypt, with each recorded only one investment.

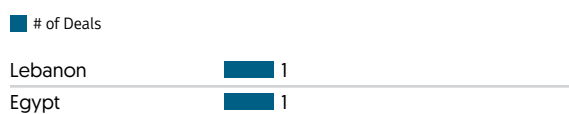
Lebanon is leading in investment value, recording over US\$ 300,000 across one deal. This investment is attributed to FabricAID, a Lebanese social enterprise dedicated to promoting sustainable fashion by collecting, sorting, and redistributing second-hand clothing at affordable prices. FabricAID's mission focuses on reducing textile waste and providing quality clothing to marginalized communities. Their most recent funding round secured over US\$ 300,000, with the purpose of expanding operations, enhancing sorting and distribution capabilities, and furthering their environmental and social impact. In comparison, Egypt and Malaysia each reported one deal, but with minimal or negligible investment values.

### Outlook

Looking ahead to 2025, the modest fashion segment within the halal market is poised for significant growth. AI-driven marketing is democratizing professional branding for small and medium-sized enterprises (SMMEs), offering investors opportunities to support tech startups

or existing firms leveraging AI to enhance accessibility and scalability for modest fashion brands, particularly in emerging markets. Global fashion brands diversifying sourcing away from China to avoid high tariffs and supply chain disruptions creates a niche for investors to back manufacturers in countries like Indonesia, Türkiye, or Morocco, strengthening local supply chains and reducing costs.

#### TOP 5 MODEST FASHION DEALS





CREDIT/SHUTTERSTOCK

## HALAL PHARMACEUTICALS

The Halal Pharmaceuticals sector recorded 23 deals in the latest period, decreased by 34.29% from the previous year which recorded 35 transactions. The sector struggles with ambiguous halal standards and resistance from global pharmaceutical bodies. Despite this modest decline, the sector accounted for 11.36% of the total deals across other sectors, highlighting sustained investor interest in the development of halal-certified pharmaceuticals and healthcare services.

One notable investment during this period was by Aster DM Healthcare, a UAE-based healthcare provider that focuses on offering halal-compliant pharmaceutical products and medical services. Their latest funding round has given them an additional equity of more than US\$ 180 million to expand their operation in India.

The halal pharmaceuticals segment shows a dominant market with Indonesia leading with six recorded deals, followed by the United Arab Emirates, recording five deals and an investment value of around US\$ 500,000. Saudi Arabia and Egypt follows with 3 deals and a moderate investment value, reflecting growing activity in the sector. Morocco recorded smaller investment values, with 2 deals, showcasing limited but notable engagement.

### Outlook

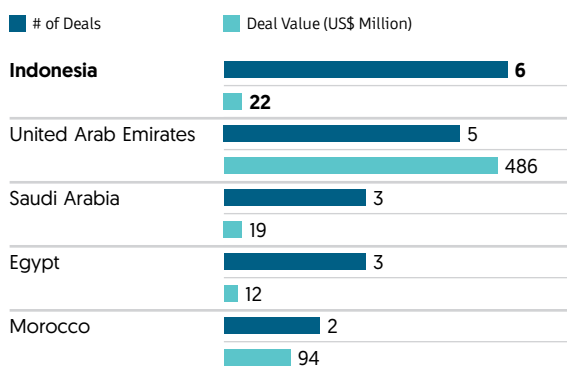
Increasing consumer awareness of halal standards, coupled with advancements in biotechnology and pharmaceutical manufacturing, is likely to attract further investments in this sector. Countries in the Gulf Cooperation Council (GCC) and Southeast Asia are emerging as key hubs for halal

pharmaceuticals innovation, supported by favorable government policies and growing public-private partnerships.

Progress in halal standards and guidelines for pharmaceuticals is creating a structured framework, offering investors opportunities to support companies developing compliant products and certification processes, enhancing market trust and accessibility. Vitamins, a major category in halal adoption, are propelled by the growing trend toward healthy and preventive lifestyles, suggesting strong potential returns for investors targeting health-focused halal brands, particularly as global Muslim spending on wellness rises.

Additionally, the push for halal-compliant vaccines and biopharmaceuticals, accelerated by the COVID-19 pandemic, has opened new avenues for research and development. Investors are expected to focus on scaling production capabilities and entering underserved markets in Africa, South Asia, and the Middle East, where the need for affordable and accessible halal medicines remains significant.

### TOP 5 HALAL PHARMACEUTICALS DEALS





## HALAL COSMETICS

The Halal Cosmetics sector recorded 8 deals in the latest period, slightly declining compared to 10 investment it had last year. The sector accounted for 3.56% of the total investment disclosed value across other sectors, signaling ongoing but reduced interest in halal-certified beauty and personal care products. Competition from mainstream brands incorporating halal practices without full certification splits the market, reducing the perceived need for dedicated halal investments.

Some notable investments in this sector include Joseph Shining, a Türkiye-based halal cosmetic brand recognized for its high-quality skincare and beauty solutions, and Rose All Day, an Indonesia-based halal beauty brand that has been gaining traction for its chic and accessible skincare and makeup products.

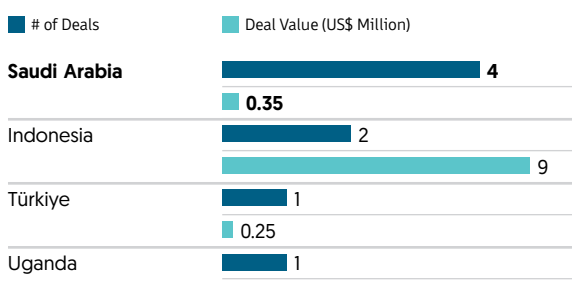
- Joseph Shining plans to use the funds to expand its portfolio of personal care and beauty products, including its exclusive private label, Joseph's Collection. Additionally, they are seeking to raise an additional US\$ 750,000 to support their expansion and innovation efforts, particularly as they aim to broaden their presence in international markets.
- The funds raised will be used to grow distribution within Indonesia, expand into other ASEAN countries, improve product offerings, and strengthen the team. This investment will help Rose All Day continue to innovate while expanding its reach to new markets across the region.

Two markets dominated the Halal Cosmetics segment with Saudi Arabia leading in the number of transactions. Indonesia recorded the highest investment value at US\$ 9 million across 2 deals. Türkiye recorded but with significantly smaller investment values.

## Outlook

The halal cosmetics sector is expected to see a surge in investment in the coming years, fueled by increasing consumer awareness and demand for ethically sourced, cruelty-free, and halal-certified beauty products. Key markets such as Southeast Asia, the Middle East, and North Africa are projected to lead the demand, supported by government initiatives promoting halal certification standards and incentives for local manufacturers. Additionally, global beauty brands are entering the halal segment to capitalize on this rising trend, leading to increased competition and innovation. However, the growing issue of counterfeit beauty products, with millions seized in the UAE, underscores the need for robust supply chain transparency and regulatory compliance, posing risks that investors must mitigate through partnerships with certified manufacturers. Investment is likely to focus on product development, market entry strategies, and digital marketing to tap into the e-commerce boom in halal cosmetics.

### TOP 5 HALAL COSMETICS DEALS





CREDIT/SHUTTERSTOCK

## MEDIA AND RECREATION

The Media and Recreation sector recorded 87 deals in the latest period, with a total investment value of US\$ 451 million, reflecting a significant increase compared to last year's 21 transactions. The sector is now accounted for 38.67% of the total investment disclosed value across other sectors, signaling growing interest in halal-friendly media and recreational offerings, particularly in the Middle East and Southeast Asia. The significant increase in the halal media & recreation sector is primarily driven by the rapid rise in digital content consumption among Muslim audiences. Some notable investments include Hyperspace, a Saudi-based digital entertainment company focused on providing immersive experiences through virtual reality (VR) and augmented reality (AR) technologies, and Noon, another Saudi-based e-commerce and entertainment platform, which has been gaining traction in the digital media and entertainment sectors.

- Hyperspace has raised US\$ 55 million in funding from a variety of investors, including the US-based venture Galaxy Interactive, Riyadh Season, Sega Ventures, and Apis Venture Partner. This funding will be used to support Hyperspace's global expansion, particularly its entry into the US market, as it looks to extend its culturally inclusive entertainment solutions worldwide.
- Noon raised US\$ 41 million in a Series B funding round co-led by Wa'ed Ventures and Raed Ventures. The company plans to use the funds to enhance its AI-powered solutions, which will enable the platform to offer personalized learning experiences. Noon also intends to fuel its global expansion over the next two to three years, strengthening its position as a leader in digital media and entertainment.

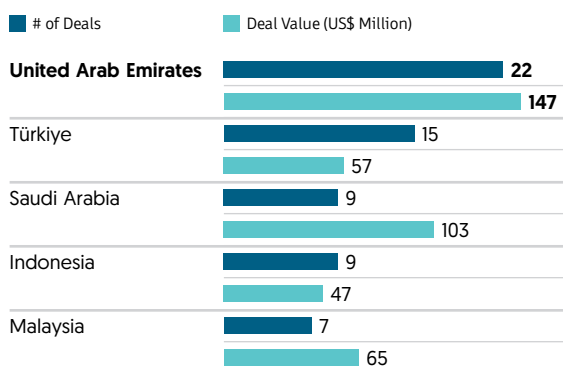
The UAE is leading in both investment value and deal count, recording over US\$ 140 million across 22 deals. Saudi Arabia follows with an investment value exceeding US\$ 100 million and nine deals, showcasing its growing focus

on the sector. Malaysia recorded a moderate investment value with seven deals, while Türkiye and Indonesia each reported 15 and nine deals, respectively, but with lower investment values compared to the UAE and Saudi Arabia.

### Outlook

As Muslim audiences worldwide seek media content that aligns with their values, there is a growing opportunity for investments in halal-certified films, streaming platforms, gaming, and recreation spaces tailored to Islamic principles. This trend is further supported by the increasing spending power of young Muslim consumers, who are a significant driver of digital content consumption and recreational activities. Cross-border media collaborations are boosting demand for Islamic cultural narratives, offering investors a chance to support co-productions that blend local stories with international appeal. Advancing educational and edutainment initiatives for Islamic youth highlight a niche for investments in content that educates while entertaining, catering to a young, digitally-savvy Muslim audience. Investors are expected to focus on digital content platforms, Islamic-themed entertainment franchises, and family-friendly recreational facilities.

#### TOP 5 MEDIA AND RECREATION DEALS



# Foreign Direct Investment Sector Analysis by OIC Country

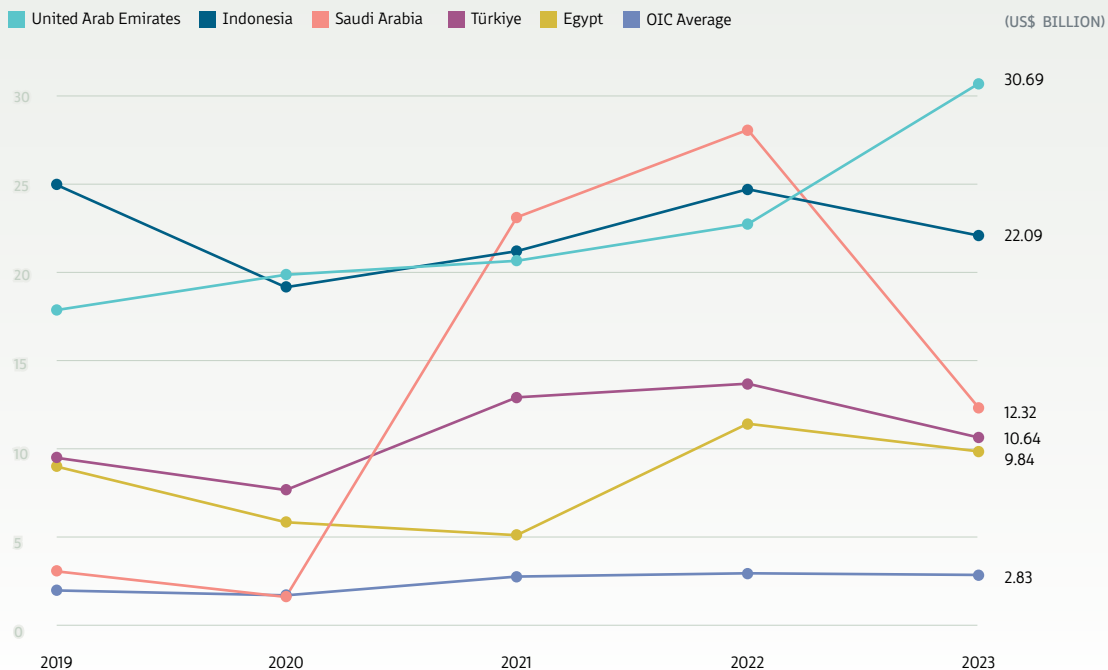
The UAE emerged as the leading recipient, with FDI inflows growing consistently, reaching a peak of US\$ 26.8 billion in 2023, reflecting its robust economic environment and investor-friendly policies. Indonesia followed closely, maintaining strong growth with inflows surpassing US\$ 24.4 billion in 2023, underscoring its position as a key destination in Southeast Asia. Similarly, Saudi Arabia rebounded significantly after a dip during 2019–2020, achieving US\$ 12.1 billion in inflows in 2023, driven by ongoing economic diversification efforts under Vision 2030. Other notable contributors include Türkiye and Egypt, with Türkiye recording over US\$ 14 billion in 2023, and Egypt stabilizing at US\$ 11 billion, despite fluctuations during the decade.

Overall, FDI inflows in OIC countries demonstrate resilience, particularly post-2020, as many economies recovered from pandemic-related disruptions. Countries like Malaysia, Kazakhstan, and Morocco maintained steady

inflows in the range of US\$ 2–4 billion, showcasing their ability to attract consistent foreign investment. However, volatility remains evident in countries such as Nigeria and Pakistan, which experienced fluctuations but showed recovery in the latter years.

The OIC Top 10 contributors nearly doubled their FDI inflows over the decade, reaching US\$ 145.6 billion in 2023, compared to US\$ 76.6 billion in 2014, highlighting their critical role in driving regional investments. The OIC average also reflects a positive upward trend, signaling improved investor confidence across key member states. However, challenges persist for bottom-performing economies like Syria, Libya, and Yemen, where political instability and conflict continue to hinder FDI growth. Smaller nations such as Guinea-Bissau and Comoros recorded minimal inflows, underscoring limited investor activity in these markets.

Top 5 OIC member states by net FDI inflow in 2023





CREDIT/SHUTTERSTOCK

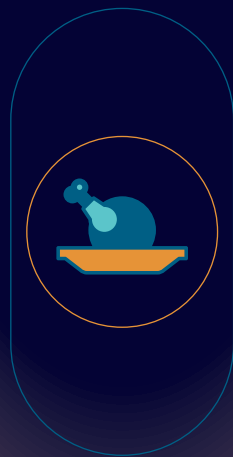
## FDI OUTLOOK

Within the OIC, several member countries are expected to experience significant economic growth, which could enhance their attractiveness to foreign investors. For instance, Libya is projected to see a 13.7% increase in GDP in 2025, largely due to the resumption of oil production. Similarly, Senegal anticipates a 9.3% GDP growth, driven by its recent emergence as an oil and gas producer. However, challenges persist. Geopolitical tensions, potential trade wars, and supply chain disruptions pose risks that could impact investor confidence and FDI flows into OIC countries. Additionally, the global shift towards automation and the deployment of industrial robots may influence the nature of FDI, with a potential focus on capital-intensive investments over labor-intensive ones.<sup>86</sup>

CHAPTER

5

**HALAL  
FOOD**









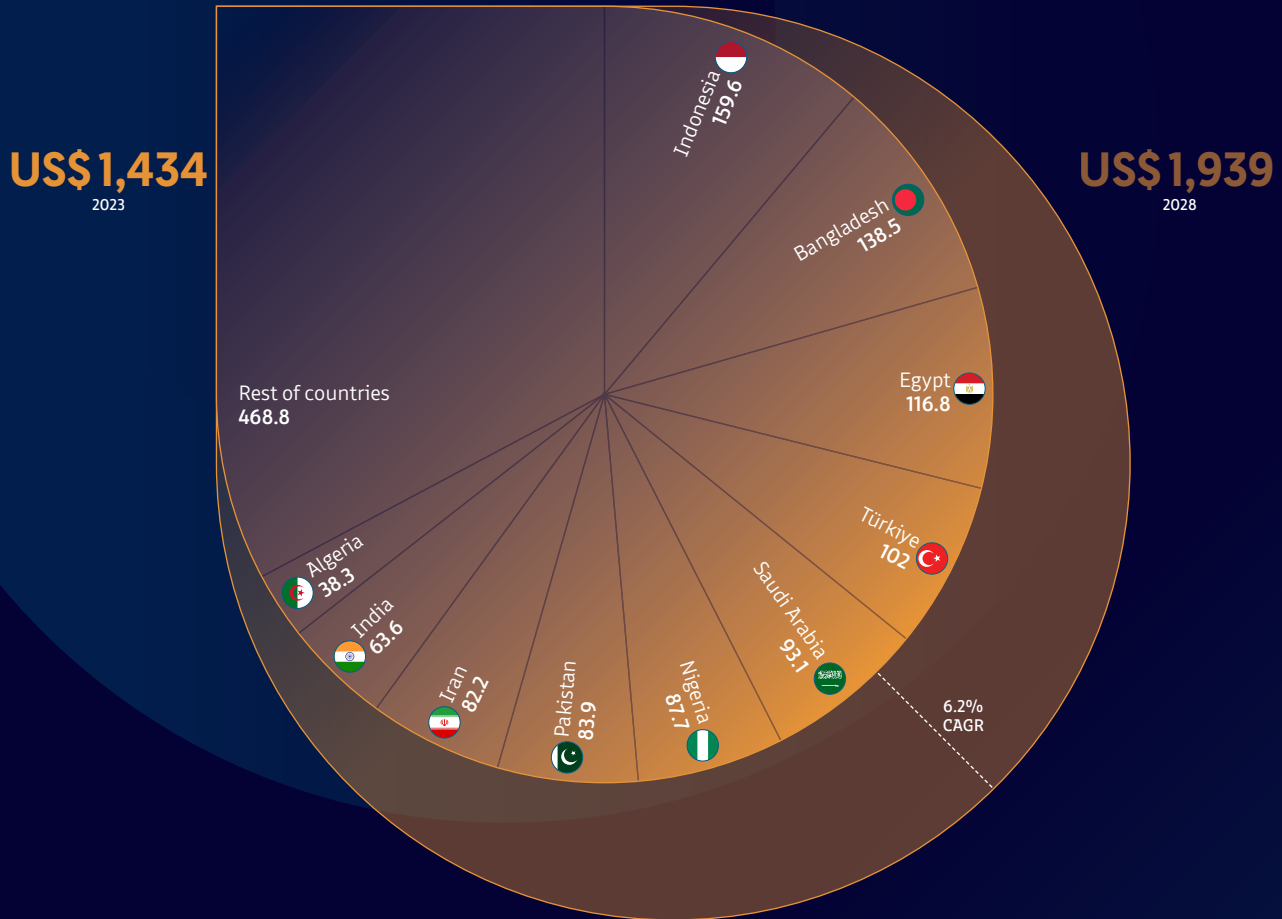


# HALAL FOOD

ALL FIGURES IN US\$ BILLIONS, UNLESS STATED OTHERWISE

## CONSUMER OPPORTUNITY

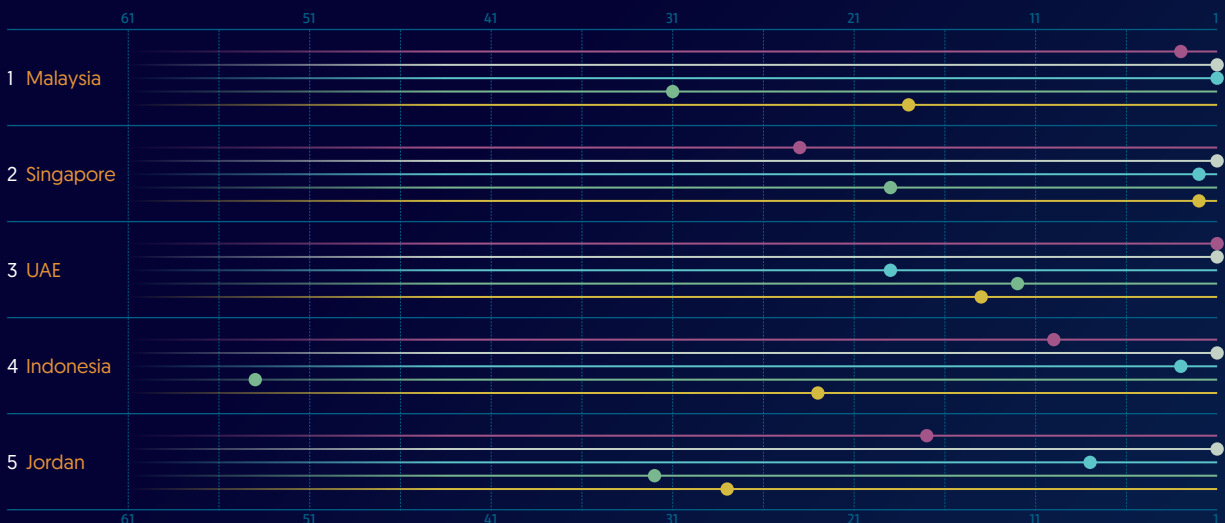
Represented by **US\$ 1.43 trillion** of consumer spending by **2 billion Muslims** on food & beverage [2023]. Reaching **US\$ 1.94 trillion** by 2028 [6.2% CAGR].



## GOVERNMENT LEADERSHIP

Financial Governance Awareness Social Innovation

### HALAL FOOD – GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2024)



# INVESTMENT & TRADE DRIVERS

Halal food imports are set to grow to US\$442.3 billion by 2028, at a CAGR of 8.5%

US\$ BILLION (2023)

Thickness is proportional to the value

## TOP 5 OIC IMPORTERS

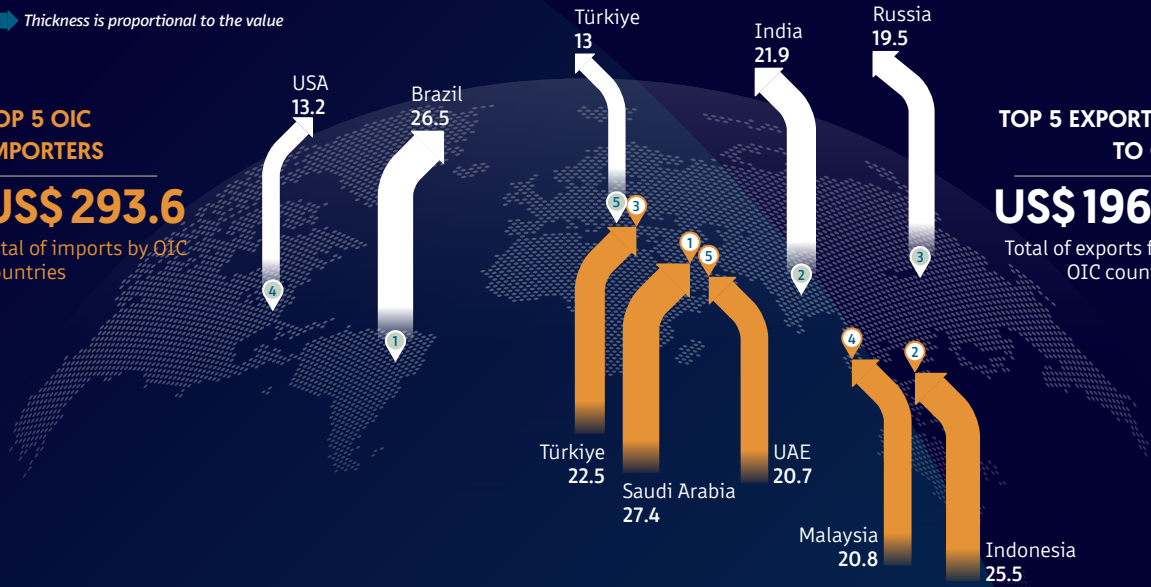
**US\$ 293.6**

Total of imports by OIC countries

## TOP 5 EXPORTERS TO OIC

**US\$ 196.3**

Total of exports from OIC countries



## INVESTMENTS

**US\$ 1.3 billion**

Disclosed value for all 29 deals



Top countries by total deal value and number of deals

US\$ MILLION (2023/24)

● = 1 deal



## KEY DEVELOPMENTS

- JBS invests US \$50 million in a Saudi plant, quadrupling halal-meat output.
- New Indonesia-UAE-Türkiye-Malaysia halal mutual recognition pacts cut duplicate audits and costs.
- Isla Délice buys Gürkan and Takul, speeding Europe-wide halal expansion.
- UAE's Pure Food unveils solar-powered vertical farm using 95% less water.
- Activism boosts local colas—Cola Next, V7, Kinza, Gaza Cola etc.—moving them to the mainstream.


## SIGNALS OF OPPORTUNITIES

IMPACT: + Low \* Moderate \* High



\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2023 data. Projections are baselined on data from IMF Outlook from October 2024. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from August 2023 to July 2024. See appendix for detailed methodology. OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.



**IFANCA (Islamic Food and Nutrition Council of America)** is an internationally accredited, globally recognized leader in third-party certification for halal products and services. You can find our Crescent-M logo (  ) on products and ingredients around the world, like Abbott Nutrition medical nutritional products, Organic Valley dairy products, Saffron Road frozen meals, Wonderful Pistachios, and thousands more.

Over the past 40 years, we have worked with governmental institutions, industry, and religious bodies locally and globally to develop and implement halal oversight into existing quality programs.



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**M** HALAL FOR ALL



IFANCA was founded in 1982 to help companies meet the needs of halal consumers, and our core mission was, and continues to be, making halal accessible for everyone. This includes enabling access to halal products so that halal consumers can feel food and health secure while simultaneously preserving their core religious values.

Get to know us at [www.ifanca.org](http://www.ifanca.org)





The halal food sector is undergoing significant transformation, driven by structural shifts towards regional manufacturing, strategic market consolidation, and significant investments in the Gulf, Europe, and emerging markets. Muslim consumers' food spending increased by 2.6% in 2023, reaching US\$ 1.43 trillion, with Indonesia leading globally, followed by Bangladesh and Egypt. Spending is projected to reach US\$ 1.94 trillion by 2028, growing at a CAGR of 6.2%.

Gulf national strategies have shown successful implementation, positioning the region as a central hub for halal food manufacturing and processing. Key investments include Brazilian firm JBS's new US\$ 50 million facility in Saudi Arabia, UAE-based Al Ghurair Foods' poultry processing plant, and Nestlé's inaugural manufacturing plant in Saudi Arabia aimed at boosting local and regional markets.

Multilateral development banks are actively implementing food security and agricultural resilience strategies, notably the Islamic Development Bank's significant projects in Tunisia, Benin, Côte d'Ivoire, and Kazakhstan. The African and Asian Development Banks are also funding impactful projects in Nigeria, Chad, Togo, and Bangladesh to strengthen food security and agricultural productivity.

European investors are consolidating their regional presence in the halal food market, illustrated by acquisitions such as Isla Délice's purchase of German premium brand Gurkan and UK-based Takul, as well as GoodLife Foods' acquisition of Pure Ingredients.

OIC sovereign wealth funds and governments are investing substantially in agriculture and food production to enhance food security. Prominent projects include Bahrain's establishment of a new food holding company, Saudi Arabia's launch of the food-tech entity Topian, Algeria's US\$ 455 million agricultural project, and Kazakhstan's US\$ 600 million poultry farm.

Foodtech investments, particularly in the MENA region, are accelerating, with notable fundraising by startups such as Calo, Grubtech, and MealPlanet to support regional and global expansion efforts.

The integration of digital technologies, particularly blockchain and AI, remains gradual but promising for enhancing halal certification, transparency, and efficiency. Initiatives like Serunai Commerce's AI-powered halal verification app and Indonesia's halal certification super app exemplify this trend.

Tech-driven farming initiatives are increasingly addressing water scarcity challenges, exemplified by UAE-based Pure Food Technology's solar-powered hydroponic vertical farm and Masdar City's collaboration with Alesca Technologies for an indoor vertical farm.

Regulations across the halal food supply chain are tightening, with strengthened halal standards and expanded accreditation efforts. Mutual recognition agreements and strategic trade partnerships, notably Indonesia's extensive agreements and the UAE's comprehensive economic partnerships, are reshaping the global halal trade landscape.

Innovation is further highlighted by the introduction of halal-certified cruises, developments in cultivated meat certification, and advancements in AI-driven food innovations and precision fermentation.

Consumer behavior has continued to evolve, with increased preference for products reflecting cultural identity, ethical considerations, and geopolitical factors. The emergence of local beverage brands and healthier, mood-enhancing alternatives to alcoholic beverages are notable examples.

Overall, the halal food sector is rapidly evolving, driven by substantial investments, strategic trade agreements, technological advancements, and shifting consumer trends, presenting both significant opportunities and challenges for stakeholders.

# Sector Developments (2023/24)

## REVENUE DEVELOPMENTS

The halal food sector is undergoing a structural transformation, driven by regional manufacturing expansion, financial investments, and strategic market consolidation across the Gulf, Europe, and emerging markets.

### Latest projections

Latest projections: (market sizing and projections in narrative format)

Muslim consumers' food spending grew by 2.6% in 2023, reaching US\$ 1.43 trillion from US\$ 1.40 trillion in 2022. Indonesia remains the largest market by expenditure, with Bangladesh now in second place and Egypt in third. By 2028, spending is projected to reach US\$ 1.94 trillion, growing at a 6.2% CAGR between 2023 and 2028.

*Note: This does not represent the actual value of 'halal-certified' product consumption. Rather, it represents the total addressable Muslim consumer market spending in the food sector.*

### Updates on revenue developments

The rapid expansion of multinational and regional food companies into Saudi Arabia and the UAE signals a strategic shift towards localizing halal food production in the Gulf region.

- Brazilian-origin company JBS is aiming to quadruple its production in Saudi Arabia with the opening of a new facility. The US\$ 50 million plant, based in Jeddah, is expected to create 500 jobs.<sup>87</sup>
- Pakistani F&B manufacturer Ismail Industries Limited announced in 2024 its intent to set up a subsidiary in the UAE capital, Abu Dhabi, which would manufacture, market, and distribute food products, including biscuits and confectionery items.<sup>88</sup>
- Nestlé partnered with the Saudi Authority for Industrial Cities and Technology Zones to build its first food manufacturing plant in the Kingdom. The facility aims to fulfil product demand locally as well as export to other MENA markets.<sup>89</sup>
- UAE-based food processing company Al Ghurair Foods broke ground on a new poultry processing facility at KEZAD in Abu Dhabi, which will include the largest rendering plant in the country.<sup>90</sup>
- Saudi supermarket business Tamimi Markets Company fully acquired Al Raya For Food Stuff Company to drive its national expansion plans.<sup>91</sup>

The Islamic Development Bank, African Development Bank, and Asian Development Bank are making significant financial commitments to improve food security, agricultural productivity, and rural economic development across Africa, Central Asia, and South Asia.

- The Islamic Development Bank (IsDB) approved EUR 48.04 million to fund a project in Tunisia, which seeks

## Investment summary

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ 000s)
Morocco	M&A	Consumar SA	610,070
UAE	M&A	Spinneys 1961 Holding	374,920
Saudi Arabia	PE	Gulf Central Company	133,000
Indonesia	PE	Kin Dairy	70,000
Indonesia	VC	Segari	23,500



CREDIT/PEXELS

to improve access to affordable finance for micro, small, and medium enterprises, particularly in agri-food systems.<sup>92</sup>

- The IsDB board approved EUR 60.57 million and EUR 70.46 million for projects in Benin and Côte d'Ivoire, respectively, which aim to improve food security, economic growth, and household income.<sup>93</sup>
- IsDB and Kazakhstan launched a US\$ 1.32 billion climate-resilient water project, which would focus on food security and sustainable economic growth. The project is expected to yield 350,000 hectares of sustainably irrigated land for crop production by the year 2032.<sup>94</sup>
- The African Development Bank approved a US\$ 50 million loan to boost food security and improve livelihoods in Nigeria's Yobe State, with the Arab Bank for Economic Development in Africa expected to co-finance the project.<sup>95</sup>
- The Asian Development Bank and Rupshi Seed Crushing Limited, a City Group member, signed a US\$ 10 million loan to construct an energy-efficient, oilseed crushing plant in Bangladesh, to improve food security. The new facility would process different types of oilseeds, helping improve resilience against crop failure or price fluctuations.<sup>96</sup>
- The African Development Fund approved a US\$ 11 million grant to Chad to increase rice production, helping reduce food insecurity.<sup>97</sup>
- The African Development Fund approved a loan of US\$ 26.55 million to Togo to develop primary agricultural sectors through private sector investments.<sup>98</sup>

**The acquisition of halal food brands in Europe signals a growing focus on consolidating the halal F&B sector to scale operations, expand distribution networks, and capture the growing Muslim consumer base in that region.**

- European F&B manufacturer GoodLife Foods signed an agreement to acquire Pure Ingredients, a German halal frozen food manufacturer.<sup>99</sup>
- French halal meat leader Isla Délice acquired Gurkan, a premium German halal business specializing in pastirma. This move extends Isla Délice's reach across seven European markets, including the UK, Germany, Belgium, the Netherlands, Spain, and Italy, with group sales surpassing EUR 155 million.<sup>100</sup> Perwyn's portfolio company Isla Délice acquired British halal brand Takul, adding the UK to its existing markets of France, Belgium, and Spain.<sup>101</sup>

**Governments and sovereign entities are accelerating investments in agriculture and food production to enhance self-sufficiency, reduce import dependency, and strengthen food security.**

- Bahrain's sovereign wealth fund Mumtalakat launched a new firm to strengthen the agri-food sector and underpin efforts to achieve food security. The Bahrain Food Holding Company would prioritize investments in technologies and ventures, helping improve food

production, processing, and distribution.<sup>102</sup>

- Saudi Arabia's NEOM launched Topian, a food company, to redefine food production and distribution and pioneer technologies and solutions to overcome food-related challenges.<sup>103</sup>
- Burkina Faso launched a project to bolster food security, supported by the African Development Bank, whose implementation is expected to yield increased crop production.<sup>104</sup>
- Cameroon initiated a project to boost rural food security. Funded with around EUR 16 million, the project is expected to strengthen the production of agricultural and agri-food products in rural areas.<sup>105</sup>
- Kazakhstan is looking to build a poultry farm in the Almaty region. The project, billed as the largest across the CIS (Commonwealth of Independent States) region, will cost more than US\$ 600 million and have the capacity to process 240,000 tons of poultry.<sup>106</sup>
- The Algerian National Investment Fund signed an agreement with a subsidiary of Qatar-based Baladna to establish an integrated dairy and milk powder production project in southern Algeria.<sup>107</sup>
- The Niger State Government inked a US\$ 2 billion MoU with Turkiye's Direkci Group, for the off-taking of soya beans. The partnership is expected to boost agriculture in the state and create job opportunities.<sup>108</sup>
- Algeria signed a US\$ 455 million deal with Italian firm Bonifiche Ferraresi SpA to develop an agricultural project over 36,000 hectares in the Algerian state of Timimoune to produce wheat, beans, and other produce.<sup>109</sup>

**The MENA foodtech ecosystem is maturing, with startups securing multi-million-dollar funding rounds to scale operations, enter new markets, and address food security challenges.**

- UAE-based foodtech startup Grubtech secured US\$ 15 million as part of its Series B round and an extension of Series A to accelerate geographical expansion and set up offices in Saudi Arabia, the UK, and Europe.<sup>110</sup>
- Oman-based cloud kitchen IO Kitchens secured US\$ 2.8 million in a seed funding round to expand its operations across the sultanate.<sup>111</sup>
- MealPlanet, a UAE-based foodtech company, raised US\$ 6 million in a seed round to fund its regional expansion plans.<sup>112</sup>
- Entlaq, an Egypt-based entrepreneurship support platform, acquired a stake in foodtech Brotinni to help expand its operations domestically and in other regional markets.<sup>113</sup>
- Moroccan agritech YoLa Fresh raised US\$ 7 million in a pre-Series A funding round to expand beyond borders and tackle food security challenges.<sup>114</sup>
- Saudi-headquartered foodtech company Calo raised US\$ 25 million in a Series B funding round. The company provides personalized meal subscriptions to health-conscious customers and is eyeing an IPO by 2027.<sup>115</sup>

## OPERATIONAL DEVELOPMENTS

While technology holds significant potential to improve efficiency and transparency, adoption has been slow.

**The integration of AI and blockchain into food production and distribution is creating a more transparent, efficient, and resilient global food ecosystem. Regulatory bodies are digitizing halal certification processes, improving efficiency, standardization, and consumer trust.**

- Halal digital technology provider Serunai Commerce Sdn Bhd has teamed up with Jordan to enhance the country's halal ecosystem under the reverse linkage modality of the Islamic Development Bank.
- Jordan's halal ecosystem is set to be enhanced through collaboration between Serunai Commerce Sdn Bhd, a halal digital technology provider, and Jordan. This initiative falls under the Islamic Development Bank's reverse linkage modality.<sup>116</sup>
- AlMukarramah developed Trade57, a platform that integrates food security, trade, and agriculture, leveraging technologies such as AI, blockchain, and machine learning to tackle food production inefficiencies and waste management.<sup>117</sup>
- Serunai Commerce Sdn Bhd, a member of the Zaiyadal group, has launched an innovative "Scan Halal Logo" feature in its Verify Halal app, powered by advanced artificial intelligence (AI) technology. The Verify Halal app, developed by Serunai Commerce Sdn Bhd (a Zaiyadal group member), now features a new "Scan Halal Logo" function, utilizing AI technology.<sup>118</sup>
- The Indonesian Halal Product Assurance Organizing Agency (BPJPH) announced plans to develop a super app to accelerate halal certification for businesses in Indonesia. This integrated platform aims to simplify the certification process for businesses while allowing consumers to verify halal-certified products.<sup>119</sup>
- The United Nations World Food Programme has implemented the Building Blocks project, which utilizes blockchain technology to facilitate cash transfers and enhance supply chain transparency. This initiative has been active in various OIC member countries, aiming to improve the efficiency and traceability of food assistance delivery.<sup>120</sup>

**The UAE, Bahrain, and other Gulf nations are heavily investing in sustainable, high-efficiency farming solutions to address water scarcity, food security, and climate challenges.**

- UAE-based agricultural and food technology company Pure Food Technology developed an innovative, solar energy-powered, hydroponic vertical farm, requiring 95% less water than traditional farming and delivering 100 times higher crop yield. The pilot plant was designed and built in the UAE.<sup>121</sup>
- Badia Farms announced plans to invest in a new sustainable farm in Bahrain through a partnership with Mumtalakat's real estate arm, Edamah. The initiative

would help introduce innovative sustainable farming practices, enhancing Bahrain's agricultural industry.<sup>122</sup>

- Masdar City, an Abu Dhabi-based sustainability and innovation hub, partnered with agritech company Alesca Technologies to launch its first indoor vertical farm, deploying automated equipment and AI software to help grow fresh produce.<sup>123</sup>
- Azerbaijan grew 100,000 tons of wheat through circular irrigation systems in 2023 to increase self-sufficiency.<sup>124</sup>

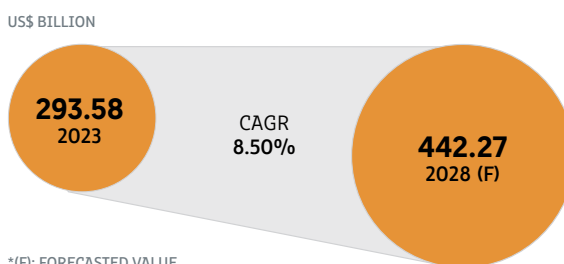
## NATIONAL/TRADE DEVELOPMENTS

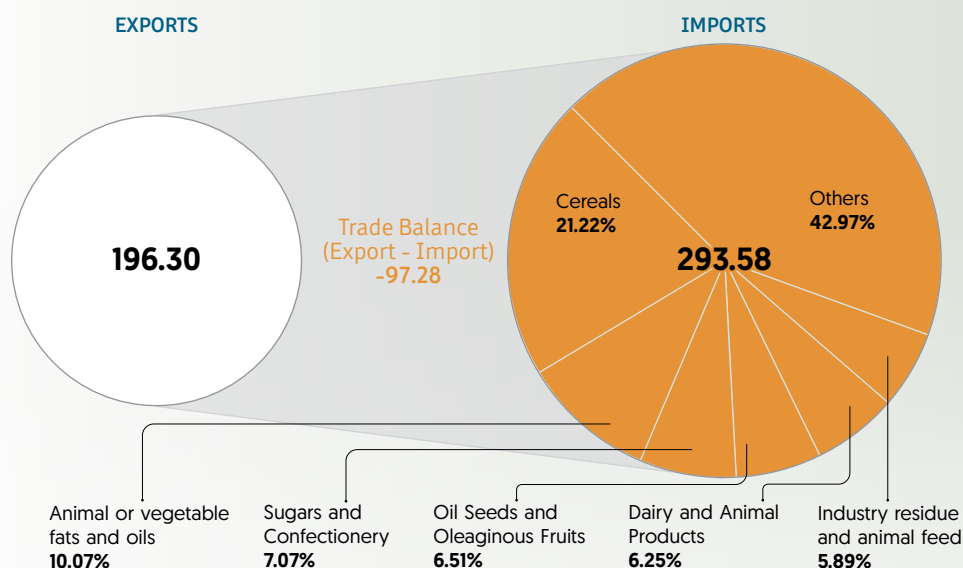
Total OIC food imports amounted to US\$ 293.58 billion in 2023, reflecting a 4.41% decrease from US\$ 306.52 billion in 2022. One of the key factors behind this decline was a significant drop in the value of cereal imports – particularly wheat and meslin, which fell by US\$ 5.52 billion. This was driven by a correction in global wheat prices following the record highs of 2022 amid the Russia–Ukraine conflict. Additionally, currency devaluation and domestic sufficiency in some OIC countries contributed to a lower import value. Over the next five years, it is estimated that this import figure will rise from US\$ 293.58 billion in 2023 to US\$ 442.27 billion in 2028, with a 8.54% CAGR.

Saudi Arabia, Indonesia, and Türkiye lead the OIC in imports, with US\$ 27.41 billion, US\$ 25.48 billion, and US\$ 22.55 billion, respectively. A new initiative was also introduced to decrease import dependency. Saudi Arabia is ambitious to localize 85% of the country's food industry by 2030. In 2024, it launched the Jeddah Food Cluster, the world's largest food cluster with investments of SAR 5.3 billion. It is expected to contribute SAR 8 billion to national exports.

Among the top supplying markets, Brazil leads with US\$ 26.53 billion, followed by India and Russia with US\$ 21.90 billion and US\$ 19.45 billion. The largest products exported to OIC countries are cereals (21.22%), animal and vegetable oils (10.07%), and sugar (7.07%). With the ongoing shift in global trade and the growing membership of BRICS (which has expanded to include OIC member countries such as the UAE, Indonesia, Egypt, and Iran), BRICS' role in global halal food trade is set to become increasingly significant in the years ahead.

### OIC HALAL FOOD IMPORTS AND GROWTH [2023-2028]





### TOP EXPORTERS TO OIC

US\$ BILLION (2023)

<b>Brazil</b>	<b>26.53</b>
India	21.90
Russia	19.45
United States of America	13.19
Türkiye	12.98
United Arab Emirates	12.64
China	11.22
Indonesia	11.05
Australia	10.41
Argentina	9.02

■ OIC countries

### TOP OIC IMPORTERS

US\$ BILLION (2023)

<b>Saudi Arabia</b>	<b>27.41</b>
Indonesia	25.48
Türkiye	22.55
Malaysia	20.76
United Arab Emirates	20.68
Egypt	17.73
Iran	16.94
Iraq	14.40
Algeria	9.88
Morocco	9.83

A new phase of halal trade globalization is emerging, driven by strategic trade agreements and Southeast Asia's structured approach to halal market leadership.

**Mutual recognition, trade partnerships, and strategic trade agreements continue to be the strongest drivers of halal trade and mutual recognition, with significant efforts being made by Indonesia.**

- Indonesia's Halal Product Assurance Organizing Agency signed 52 mutual recognition agreements with foreign halal certification agencies from 24 countries during the Halal-20 forum, helping cement the momentum of the global halal ecosystem.<sup>125</sup>
- The Department of Islamic Development Malaysia (JAKIM) recognized five additional foreign halal certification bodies last October, two from Russia

and one from Brazil, Mongolia, and Uruguay.<sup>126</sup>

- Indonesia's Halal Product Assurance Organizing Agency signed a mutual recognition agreement on halal certification with Korean halal certification bodies in November 2023 – the agreement aimed to assist Korean food and agricultural companies in entering the Indonesian market.<sup>127</sup>
- The UAE's comprehensive economic partnership agreements (CEPAs) with Indonesia and Türkiye entered into force in September 2023. The Türkiye pact includes a halal cooperation article, encouraging both sides to finalize an agreement to cooperate on the mutual recognition of halal certification.<sup>128</sup>
- The UAE also concluded negotiations for CEPAs with Morocco and Malaysia in 2024, as well as signed one with Jordan.<sup>129 130</sup>

- Kazakhstan and Türkiye signed a US\$ 2 billion investment agreement related to the agro-industrial sector and agricultural trade.<sup>131</sup>
- Indonesia, among the top global suppliers of halal goods to OIC members, is calling on its fellow Developing-8 or D-8 members to establish a halal value chain ecosystem to boost the bloc's growth during the D-8 Summit in Cairo in December 2024. All D-8 members are part of the Organization of Islamic Cooperation (OIC), including Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Türkiye.<sup>132</sup>
- Pakistani meat processor The Organic Meat Company Limited secured a US\$ 4 million contract to export frozen boneless beef to the UAE.<sup>133</sup>
- Brazil reached an agreement in Q4 2023 to export chicken to Algeria in an attempt to widen the presence of Brazilian poultry in Muslim-majority markets.<sup>134</sup>
- Egypt intends to import live sheep and goats from Somalia and Djibouti for slaughter to ensure meat availability and balance market prices, particularly ahead of Ramadan.<sup>135</sup>
- Malaysia agreed to import 100,000 metric tonnes of halal meat and Basmati rice from Pakistan.<sup>136</sup>
- Malaysia expects to receive 4 billion Malaysian ringgits from China through potential halal industry investments, covering sectors such as food and beverages and herbal medicines, among others.<sup>137</sup>
- Brazil and Egypt signed an agreement to simplify exporting Brazilian beef and poultry to Egypt.<sup>138</sup>

*Disclosure: DinarStandard is currently engaged in a contract with Halal Products Development Company.*

#### **Saudi Arabia's significant investments in developing its halal market are driven by strategic initiatives aimed at positioning the Kingdom as a global leader in the halal industry:**

- BRF and Halal Products Development Company, a Public Investment Fund subsidiary, invested in Saudi Arabia's Addoha Poultry Company through their joint venture BRF Arabia, strengthening BRF's portfolio and helping boost the halal chicken market in the Middle East.<sup>139</sup>
- Saudi Arabia launched the Halal Products Manufacturing Accelerator Program, a joint initiative by HPDC and the Saudi Export Development Authority (SEDA). The program is designed to boost local halal production capabilities and expand exports, positioning the Kingdom as a global halal production hub.
- HPDC's investment in Aldella Food Production aims to boost Saudi Arabia's halal food sector by increasing production capacity and enhancing global market reach.<sup>140</sup>
- The Makkah Halal Forum attracted over 5000

visitors and 150 exhibitors, representing over 120 countries.<sup>141</sup>

- Further agreement has been reached between Tanmiah Food Company of Saudi Arabia and MHP of Ukraine over the formation of a new joint venture. A new joint venture has been established between Tanmiah Food Company of Saudi Arabia and MHP of Ukraine.<sup>142</sup>

## ECOSYSTEM DEVELOPMENTS

The global halal ecosystem is no longer a single, unified market – it is becoming a complex, multi-layered system influenced by regulations, political agendas, and technological shifts.

#### **OIC-led halal accreditation efforts are enhancing global halal trade standardization**

- The Islamic Forum for Halal Accreditation Bodies (IFHAB) held its inaugural executive committee meeting in Riyadh, bringing together committee members representing accreditation bodies from Organization of Islamic Cooperation (OIC) member states.<sup>143</sup>

#### **A growing number of Muslim-majority and non-Muslim countries are implementing stricter halal food regulations, certification policies, and consumer protection laws, signaling a shift towards greater regulatory oversight and standardization.**

- Morocco's National Office of Food Safety has implemented a control system to ensure the safety of imported red meat, with the framework applicable to all imported meat, including fresh and frozen.<sup>144</sup>
- Bangladesh framed a policy on halal certification towards the end of 2023 to facilitate local production and marketing of halal products, including foods.<sup>145</sup>
- Bahrain introduced a new edict regarding halal food products to standardize practices in the Kingdom. The ruling includes details regarding halal food certification and the halal national mark to ensure compliance with Islamic laws.<sup>146</sup>
- India set policy conditions for halal meat exports effective last October, according to which specified meat and meat products would be allowed to be exported as halal-certified to 15 countries, based on specific conditions.<sup>147</sup>
- A new bill to safeguard the integrity of halal food in the state of Washington came into effect in June 2024. The Wilson bill protects Muslim consumers from purchasing food falsely advertised as halal, with violations punishable under the new Halal Food Consumer Protection Act.<sup>148</sup>

**Southeast Asia, led by Indonesia, the Philippines, and Malaysia, is moving beyond regulatory compliance to a proactive, structured approach to halal trade facilitation, market expansion, and strategic positioning in the global halal economy.**



CREDIT/UNSPLASH

- Indonesia launched a new halal certification system for international companies, expected to boost food and beverage imports into the country.<sup>149</sup>
- The Philippines has created the National Halal Industry and Development Office to simplify halal certification and to increase the number of local halal industry players.<sup>150</sup>
- Japan launched a food export platform in Malaysia to support the expansion of Japanese food in the Southeast Asian nation.<sup>151</sup>
- In collaboration with the National Committee for Sharia Economy and Finance (KNEKS), Indonesia's Ministry of Trade is enhancing synergy through the Indonesia Halal Export Incorporated (IHEI) working group to boost global market access for Indonesian halal products. The latest 2024 coordination meeting focused on harmonizing programs, aligning data on export destinations, and identifying high-potential halal products for development. This collaborative effort represents a strategic approach to strengthening Indonesia's position in the international halal market.<sup>152</sup>
- Vietnam announced the launch of a national halal certification authority, overseeing certification activities and facilitating training and international cooperation across the halal sector.<sup>153</sup>
- Indonesia has mandated halal certification on products within the country, beginning last October, with the mandate initially applying to three product groups produced by medium and large businesses – food and beverages; raw materials, food additives, and

auxiliary materials for F&B products; and slaughtered products and slaughtering services.<sup>154</sup>

- Hong Kong's Islamic body is looking to certify more than 500 halal restaurants by the end of 2025, adding to the 142 existing halal-certified eateries in the city.<sup>155</sup>

#### **Restrictive policies on halal certification signal a politicization of halal consumption in domestic markets**

- India's Uttar Pradesh government banned the sale of halal-certified food products in November 2023, excluding products meant for export. It also prohibited the manufacturing, storage, and distribution of halal-certified products.<sup>156</sup>
- Air India has limited its halal meal options, offering halal certification only for pre-booked Muslim meals.<sup>157</sup>
- The European Court of Human Rights rejected the request to review a previous ruling last July, validating the ban on slaughter without stunning. In February 2024, the Court ruled that bans on slaughter without stunning – adopted by two Belgian regions – do not infringe on religious freedom.<sup>158</sup>

“ One of the biggest challenges facing SME food businesses is access to Islamic finance solutions tailored to food producers.”

**DR. MOHAMED ALI,**  
**MANAGING DIRECTOR**  
**HALAL PRODUCTS ADVISORY**



*IFHAB (Islamic Forum for Halal Accreditation Bodies) takes a bottom-up, multilateral approach, empowering national halal accreditation bodies through peer training, technical harmonization, and mutual recognition.”*

**İHSAN ÖVÜT,**  
**SECRETARY GENERAL, OIC STANDARDS**  
**AND METROLOGY INSTITUTE FOR ISLAMIC**  
**COUNTRIES (SMIIC)**

## INNOVATION DEVELOPMENT

Businesses are leveraging technology, personalization, and premium offerings to appeal to a broader, experience-driven consumer base.

### Debut halal-certified cruise to Antarctica

- Albatros Expeditions will operate a halal-certified cruise to visit Antarctica starting 2026, making it a world first for an expedition vessel to operate a halal-certified kitchen in Antarctica.<sup>159</sup>

### Cultivated meat continues to gain new certifications, with progress being slow.

- The Islamic Religious Council of Singapore announced that cultivated meat is halal, provided the cells are sourced from animals that Muslims are permitted to consume. The ingredients that make up the texture and composition of cultivated meat are halal. The product must be non-toxic and clean.<sup>160</sup>

### The new age of taste

- AI and fermentation technology are being used to create next-generation products that are healthier, ethically sourced, and regionally customized.
- Sensegen has developed a range of bio-based exotic flavors through precision fermentation. Their technology enables the creation of unique and sustainable flavor profiles for various food applications. Precision fermentation transforms the production of high-value sweeteners, flavors, and proteins by using specialized bacteria as “cell factories” to create natural ingredients sustainably. This technology enables the development of key ingredients, smells, textures, and tastes that are otherwise difficult to source, aligning with consumer demand for natural products.<sup>161</sup>
- dsm-firmenich has pioneered the creation of AI-generated flavors, such as a natural, lightly grilled beef taste designed for plant-based meat alternatives. By leveraging extensive data on raw materials and flavor compounds, their AI system formulates complex and authentic flavor profiles, accelerating the development of new products that align with

consumer demand for natural and sustainable options. This innovation not only enhances product quality but also aligns with consumer trends, particularly among Generation Z, driving the industry towards smarter and more sustainable solutions.<sup>162</sup>

## SOCIAL IMPACT DEVELOPMENTS

Climate efforts, empowerment, and training initiatives contribute to food security.

**Governments and international organizations are increasingly integrating climate resilience, circular economy models, and sustainable food systems into national and global policy frameworks to address food security, waste reduction, and environmental impact.**

- The COP28 presidency launched the UAE Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action, endorsed by 159 countries, which account for 70% of the world’s farmers and 80% of agriculture-related emissions.<sup>163 164</sup>
- Egypt’s Ministry of Planning, Economic Development and International Cooperation, alongside the World Food Program, announced a program to bolster food security. The initiative invites entrepreneurs, startups, and companies with climate innovation solutions in Egypt, Jordan, and Lebanon to win grants and mentorship.<sup>165</sup>
- The Indonesian Ministry of National Development Planning (Bappenas) launched the Circular Economy Roadmap and National Action Plan, which are set to guide stakeholders in transitioning to a circular economy from 2025 to 2045. The implementation of the Circular Economy Roadmap focuses on five priority sectors – including food and beverage, retail (focusing on plastic packaging), textiles, construction, and electronics – representing almost a third of Indonesia’s GDP.<sup>166</sup>

### Canada opened first halal food bank

- Canada opened its first halal food bank in Ontario to support the local Muslim community and other individuals facing food security challenges.<sup>167</sup>

## CONSUMER AND MARKET DEVELOPMENTS

Politics and product awareness have converged in the minds of consumers, reflecting in their purchasing decisions.

**The halal F&B sector is evolving beyond compliance and cultural identity, embracing innovation to meet shifting consumer preferences for health, indulgence, and authenticity.**

- Fix Dessert Chocolatier, a Dubai-based confectionery brand, created a chocolate bar filled with toasted kataifi



CREDIT/UNSPASH

pastry, pistachio cream, and tahini coated in milk chocolate. Sold initially exclusively in Dubai, the chocolate bar gained global attention through social media virality, prompting interest from international markets.<sup>168</sup>

- Milaf Cola is a groundbreaking beverage introduced by Saudi Arabia's Turath Al-Madina Company, a subsidiary of the Public Investment Fund. Launched at the Riyadh Date Festival, it is touted as the world's first cola made from dates, offering a healthier alternative to traditional soft drinks.<sup>169</sup>
- A Spanish brand, La Dehesa de Gaia, has introduced halal-certified lamb-based cured meat products, including chorizo and salchichón, catering to both Muslim consumers and those seeking sustainable, high-quality meats. These types of cured meats are part of Spanish culture but were previously only porcine-based.<sup>170</sup>

**The growing demand for locally produced and politically aligned beverages reflects a shift in consumer behavior, where national identity, ethical considerations, and geopolitical events influence purchasing decisions.**

- Cola Next has seen a significant increase in demand as consumers seek local alternatives. The brand emphasizes its Pakistani roots, appealing to nationalistic sentiments amid boycotts of Western products.<sup>171</sup>
- Egypt's V7 cola has experienced a surge in popularity, with exports tripling compared to the previous year.<sup>172</sup>
- Saudi Arabia is witnessing a shift in consumer preferences towards locally produced, high-quality beverages, exemplified by the rise of Kinza Drinks, a Saudi-owned brand. The company, introduced by Al-Jameel International in 2022, has expanded its presence across GCC and African markets.<sup>173</sup>
- Brands like Gaza Cola and Palestine Drinks have emerged as alternatives in European markets, gaining popularity among consumers supporting the Palestinian cause. These beverages not only offer a unique taste but also contribute to humanitarian efforts, with profits supporting Gaza.<sup>174</sup>

**Consumers are shifting away from traditional soft drinks and alcohol alternatives, embracing functional beverages that offer health benefits, mood enhancement, and sensory experiences.**

- Brands such as Kin Euphorics and Hiyo are leading this emerging "euphoric" category, offering products that aim to deliver mood-enhancing effects without alcohol.<sup>175</sup>
- Functional beverages are gaining traction as consumers increasingly prioritize health and wellness alongside the desire for convenience and variety.<sup>176</sup>
- Beverage giant PepsiCo has purchased Poppi, a soda brand that specializes in prebiotic sodas. Poppi sodas contain agave inulin and cassava root fiber, prebiotics that promote the growth and activity of beneficial microorganisms.<sup>177</sup>

**Consumer interest in protein consumption is shifting from sheer intake levels to the quality, composition, and nutritional value of proteins, driving demand for complete proteins that deliver all essential amino acids.**

- In 2023, 67% of consumers aimed to increase their protein intake, reflecting a growing emphasis on dietary protein.<sup>178</sup>
- In 2024, discussions have shifted towards not only the quantity but also the quality of protein consumed, with an emphasis on complete proteins that provide all essential amino acids.<sup>179</sup>

“At Tanmiah, we recognize the responsibility of advancing sustainable, secure food systems for a growing global Muslim population. We support the the halal food industry by investing in technology, transforming our value chain, and partnering with global leaders –leveraging their expertise and market reach to bring Saudi halal standards and innovative solutions to the world.”

**MUHAMMAD ABBAS KHAN,**  
CHIEF STRATEGY OFFICER,  
TANMIAH

# SIGNALS OF OPPORTUNITIES



IMPACT: +Low \* Moderate \* High

MATURITY:  Early  Intermediate  Mature

1

## Frontier markets are emerging to show future potential for halal market opportunities

Indonesia, the Philippines, Vietnam, and Kazakhstan are emerging halal markets, improving access through regulatory reforms, national certification bodies, and trade agreements, offering high-growth potential for international halal businesses and investors seeking streamlined market entry.

Impact \* Maturity

2

## Global trade agreements and mutual recognition are driving halal market efficiency

Bilateral and multilateral agreements, such as CEPAs and Indonesia's 52 MRAs, are promoting regulatory alignment, easing halal certification, and reducing trade barriers—paving the way for a more integrated, cost-efficient global halal trade system.

Impact \* Maturity

3

## KSA is positioning itself as the global hub for halal market growth

Saudi Arabia is rapidly emerging as a global halal hub through major investments in halal production, infrastructure, and exports, supported by initiatives like the Halal Accelerator, HPDC partnerships, and growing foreign investment in food industries.

Impact \* Maturity

4

## Consumer boycotts and ethical sentiment are catalyzing local product innovation

Amid geopolitical shifts and rising consumer activism, local brands like Cola Next and Fix Dessert Chocolatier are gaining traction by offering culturally aligned, ethical products, showing how domestic producers are innovating to rival global FMCG giants.

Impact \* Maturity

5

## Bioindustry and AI-driven food innovation present emerging halal opportunities

Precision fermentation and AI-driven food tech are creating sustainable ingredients and proteins, like AI-formulated flavors and fermented dairy. While promising, these innovations face evolving halal certification challenges, offering both opportunities and regulatory hurdles for pioneering businesses.

Impact \* Maturity

# Strategic Considerations by Stakeholders

High-impact opportunities are emerging across investors, governments, and businesses, especially in expanding halal production in markets like Indonesia, Vietnam, and Kazakhstan, leveraging Saudi Arabia's push to be a global halal hub, and using advanced technologies like AI and precision fermentation. Trade agreements and consumer trends favoring ethical, local brands are spurring innovation. However, challenges remain, including fragmented certification frameworks, politicized halal regulations, and scaling issues for startups. Stakeholders who navigate these hurdles while capitalizing on market shifts will lead the future of the global halal economy.

## INVESTORS

### OPPORTUNITIES

1

**Emerging halal markets in Indonesia, Philippines, Vietnam, and Kazakhstan offer significant investment potential in production, certification infrastructure, and exports**  
These countries are actively expanding their halal sectors through regulatory reforms, certification authority launches, and investment agreements. Investors can capitalize on early-stage market entry by funding halal production facilities, certification centers, and agrifood ventures, aligning with national goals to become global halal hubs.

#### Relevant developments & precedents:

- Indonesia signed 52 mutual recognition agreements and mandated halal certification.
- Vietnam launched a national halal certification authority.
- Kazakhstan signed a US\$ 2 billion agro-industrial investment agreement with Türkiye.

#### Potential outcomes by 2035:

- Investors have diversified portfolios in emerging halal markets, securing first-mover advantage as these countries become central players in the global halal economy.

2

**Investors can back local brands, capitalizing on rising consumer preference for ethical, culturally aligned halal products**  
Consumer boycotts and national identity movements are fueling the growth of local halal brands (e.g., Cola Next, Gaza Cola, Kinza Drinks, Fix Dessert Chocolatier). Investors can fund innovative FMCG brands focusing on authenticity, health, and ethical sourcing, meeting rising demand for local alternatives.

#### Relevant developments & precedents:

- Rise of Cola Next, Gaza Cola, and Kinza Drinks amid boycotts.
- Fix Dessert Chocolatier's success blending regional flavors with premium offerings.

#### Potential outcomes by 2035:

- Investor-backed halal brands lead domestic markets and achieve global scale, setting benchmarks for ethical, innovative halal products.

## CHALLENGES

1

### Diverse and fragmented halal certification landscape

The lack of global standardization in halal certification complicates investment decisions, raising entry costs and compliance risks across multiple jurisdictions.

#### Risk:

- Investors may face operational inefficiencies and reduced returns due to non-harmonized halal certification, hindering the scalability of investments.

## GOVERNMENTS

## OPPORTUNITIES

1

### Governments can leverage bilateral and multilateral trade agreements to position themselves as leaders in halal trade efficiency.

By driving mutual recognition agreements and strategic CEPAs, governments can eliminate cross-border certification barriers, streamline halal trade, and attract investment.

#### Relevant Developments & Precedents:

- The formulation of IFHAB
- UAE's CEPAs with Indonesia, Türkiye, Malaysia, and Jordan.
- Indonesia's 52 MRAs.
- Malaysia's recognition of five additional halal certification bodies.

#### Potential outcomes by 2035:

- Governments successfully position their countries as global halal trade facilitators, attracting FDI and fostering seamless halal market access.

2

### Governments can establish structured national halal ecosystems, integrating certification, production, innovation, and exports

National efforts, such as the Philippines' Halal Industry Development Office and Indonesia's halal export initiatives, demonstrate how governments can create holistic halal ecosystems to promote growth and self-sufficiency.

#### Relevant Developments & Precedents:

- Philippines established National Halal Industry and Development Office.
- Indonesia's Halal Export Incorporated (IHEI) working group launched.

#### Potential outcomes by 2035:

- Governments build globally competitive halal ecosystems, reducing dependency on imports and strengthening domestic industries.

## CHALLENGES

1

### Slow Digitalization of Halal Trade and Certification

Restrictive policies (e.g., India's Uttar Pradesh ban, Europe's stunning regulations) signal the growing politicization of halal certification, complicating regulatory diplomacy.

#### Risk:

- Governments may face trade tensions, reduced market access, or internal polarization due to misaligned or politicized halal regulations.

O P P O R T U N I T I E S

**1** **Businesses have the opportunity to expand into Saudi Arabia’s rapidly growing halal market through partnerships, production facilities, and exports**

KSA’s substantial investments, such as HPDC initiatives, BRF Arabia’s poultry investments, and the Halal Products Manufacturing Accelerator, offer businesses fertile ground to localize production and expand operations.

**Relevant Developments & Precedents:**

- HPDC and BRF Arabia joint venture for poultry production.
- Launch of KSA’s Halal Products Manufacturing Accelerator Program.
- HPDC’s investment in Aldella Food Production.

**Potential outcomes by 2035:**

- Businesses operating in KSA dominate regional halal production and export markets, leveraging supportive infrastructure and investment policies.

**2** **Businesses can leverage AI and bioindustry innovations to offer next-gen halal products aligned with evolving consumer preferences**

Technologies like AI-driven flavor science and precision fermentation (e.g., dsm-firmenich’s AI-formulated flavors) enable businesses to develop healthier, personalized, and ethically sourced halal products, appealing to Gen Z and health-conscious consumers.

**Relevant Developments & Precedents:**

- dsm-firmenich developed AI-generated halal-friendly flavors.
- Precision fermentation highlighted as a key food innovation.

**Potential outcomes by 2035:**

- Businesses become global leaders in next-generation halal food offerings, integrating sustainable production methods and personalized products.

C H A L L E N G E S

**1** **Scaling Halal Startups Amid Limited Late-Stage Investment**

While early-stage funding for halal startups is rising, there is limited support for scaling regionally successful foodtech or agritech startups to international markets.

**Risk:**

- Halal startups may stagnate at a regional level, unable to capitalize on broader market potential due to funding gaps and operational bottlenecks.

# Bridging Nutrition and Faith: Ensuring halal food access, one plate at a time

In today's age of bite-sized nuggets of information constantly overloading our senses, critical issues that deserve our immediate attention sometimes get swept away. One such pressing issue is that of food insecurity and global hunger.

The United Nations Food and Agriculture Organization defines food insecurity as the lack of regular access to enough safe and nutritious food for normal growth, development, and an active, healthy life. Based on this definition, the FAO estimates that in 2023, nearly 733 million people worldwide were impacted by hunger, approximately one in every eleven individuals globally and one in five across the African continent.

## **Food insecurity is a silent pandemic that doesn't differentiate**

It would be normal to associate food insecurity and hunger with third-world and developing countries. However, what's often considered normal is not always backed by the truth. Food insecurity remains a significant issue in the United States, affecting millions of households, including those with children. According to the 'Household Food Security in the United States in 2023' report by the US Department of Agriculture, approximately 13.5% of households experienced food insecurity. This comes out to around 47.4 million people, including 14 million children. The Map the Meal Report 2024 goes so far as to say that children are more likely than adults to suffer from food insecurity, resulting in poor health and long-term behavioral outcomes.

Breaking these numbers down further doesn't make for pleasant reading. Among households with children under 18, 17.9% or 6.5 million households were food insecure. In 8.9% (3.2 million households), both children and adults experienced food insecurity. Furthermore, approximately 1.0% (374,000 households) had children who experienced reduced food intake and disrupted eating patterns due to insufficient resources. These numbers also show a year-on-year progression, which hints at a lack of, or the very least, inadequate provisions and checks.

## **A growing crisis of access**

While these numbers are alarming, the picture is even bleaker when it comes to Muslim households. While com-

prehensive data on food insecurity among Muslim children specifically is limited, available statistics highlight the broader challenges faced by Muslim communities in accessing adequate and culturally appropriate food. According to its 2022 report, the US Department of Agriculture states that 10% of Muslims reported "sometimes" or "often" not having enough to eat in the past week, a rate comparable to Black (8%) and Hispanic (10%) Americans.

## **Why halal matters**

Behind these jarring numbers lies another dimension often overlooked: the need for food that aligns with specific cultural and religious values. According to data from the US Religious Consensus, Islam, at 1.34% of the total population of the US, is the third-largest religion in the country. For such a large population, halal, an Arabic term meaning "permissible," goes beyond mere dietary guidelines. It encompasses the ethical treatment of animals, avoidance of certain ingredients, and strict cleanliness standards. In practice, halal ensures that every step from farm to table meets Islamic dietary rules. This isn't a matter of preference; it's a matter of necessity. For Muslims in low-income communities or refugee camps, it's not uncommon to skip meals entirely rather than compromise on religious values.

When these religious obligations are ignored, vulnerable families—especially children—often face an impossible choice between violating their faith or going hungry. According to the findings of a report by the Institute for Social Policy and Understanding (ISPU), a significant majority (83%) of Muslims in the US prefer or require a halal diet. The lack of access to halal-certified foods can exacerbate food insecurity, especially for children in school settings where such options are limited.

Health experts point out that such choices have dire consequences. Malnutrition among children, in particular, can trigger a lifetime of setbacks—from poor academic performance to long-term health issues and social marginalization. By neglecting halal requirements, society effectively puts an already vulnerable population at an even greater disadvantage.

The situation seemed ripe for intervention by a body that could place the interests and potential of these young minds at the forefront. That's where IFANCA came in.



CREDIT/SHUTTERSTOCK

### Enter IFANCA

Since its inception in 1982, the Islamic Food and Nutrition Council of America's (IFANCA) central focus has been enhancing access to halal products for those requiring them. By emphasizing that nutritional security is inextricably linked to the availability of halal-certified options, the organization's mission has been to provide consumers with the guidance needed to navigate the myriad products found in grocery stores and identify those that align with halal dietary standards without compromising their nutritional needs.

Today, with over four decades of experience, IFANCA stands as a leader in setting and upholding the best practices in halal certification. The IFANCA team, composed of industry experts and scholars in Islamic jurisprudence, has developed standards that have undergone extensive review and are widely endorsed by both Islamic scholars and the practicing Muslim community.

For IFANCA, spreading awareness and best practices is key. The organization has funded educational programs at places like Texas A&M University, focusing on ethnic and faith-based food systems. It also supports a permaculture garden at Zaytuna College that blends Islamic ethics with environmental stewardship.

These projects aren't just about ticking boxes; they're about shaping a new generation of leaders who appreciate how religious practices, ethical considerations, and sound environmental policies intersect. Yet IFANCA's reach extends well beyond Illinois. This globally recognized authority on halal certification works with clients in more than 70 countries—across the food, pharmaceutical, and cosmetics industries—to maintain standards of cleanliness, ethical sourcing, and transparency. Nationally, IFANCA has initiated pioneering projects in public institutions such as universities, correctional facilities, and food banks. It published the Handbook for Halal Campus Dining Food



CREDIT/SHUTTERSTOCK

Service Programs, a comprehensive guide that provides best practices for institutional compliance with halal standards. Their impact is evident in major initiatives, such as collaborations with Chicago Public Schools (CPS), Alliance to End Hunger, and food banks in Pennsylvania and Delaware, where they help distribute halal-certified products to diverse communities.

One such example that crystallized the organization's mission and brought the urgent need to provide halal meals to young minds was the "Faith by Plate Act."

### **Illinois takes a bold step**

A historic turning point arrived on March 28, 2025, when Illinois became the first state in the US to require public schools, hospitals, and other state-run facilities to provide halal and kosher meal options upon request. Known as the "Faith by Plate Act," this legislation reflects a growing understanding that access to culturally and religiously appropriate meals is a matter of equity, not luxury.

Illinois has the country's highest per capita Muslim population. For years, many observant families and community groups have voiced concerns that the lack of halal meals in public institutions is aggravating hunger and health disparities. Under the new law, schools and state agencies no longer decide if halal is "important enough" to warrant a menu item; they must now ensure that it's available.

IFANCA played a central role in bringing the Faith by Plate Act to life. Drawing on four decades of experience, IFANCA helped draft the legislation's technical details, ensuring that halal-friendly processes are feasible at scale. From clarifying dietary standards to guiding kitchen protocols, their input has been instrumental in making halal compliance second nature for big institutions.

### **A roadmap for inclusive food security**

By showing that large institutions can incorporate halal-friendly systems at scale, Illinois' example offers a blueprint for others grappling with food insecurity among Muslim populations. When states or organizations integrate faith-based dietary requirements into their offerings, they take a meaningful step toward inclusive and dignified access to nutrition.

Halal certification, in this context, is more than a religious seal of approval. It's a powerful framework for addressing hunger in a way that respects cultural identity and ethical principles. With the right leadership and collaboration, initiatives like the Faith by Plate Act can be replicated everywhere, from bustling cities to remote refugee camps—anywhere people need both sustenance and a sense of belonging.

### **Toward a more equitable future**

As the global hunger crisis intensifies, inclusive policies become increasingly urgent. Studies show that from short-term effects such as undernutrition, social exclusion, and psychological distress, unchecked food insecurity among children can lead to poor academic performance, reduced

life expectancies, and socio-economic marginalization. When Muslim children are denied access to halal meals, they are effectively forced to choose between religious observance and sustenance—a decision that undermines both their rights and well-being.

The Faith by Plate Act exemplifies how public institutions can play a key role in bridging cultural gaps and meeting critical needs. Together with IFANCA's global expertise, Illinois is illustrating that when faith and practicality converge, food insecurity doesn't have to be an insurmountable problem.

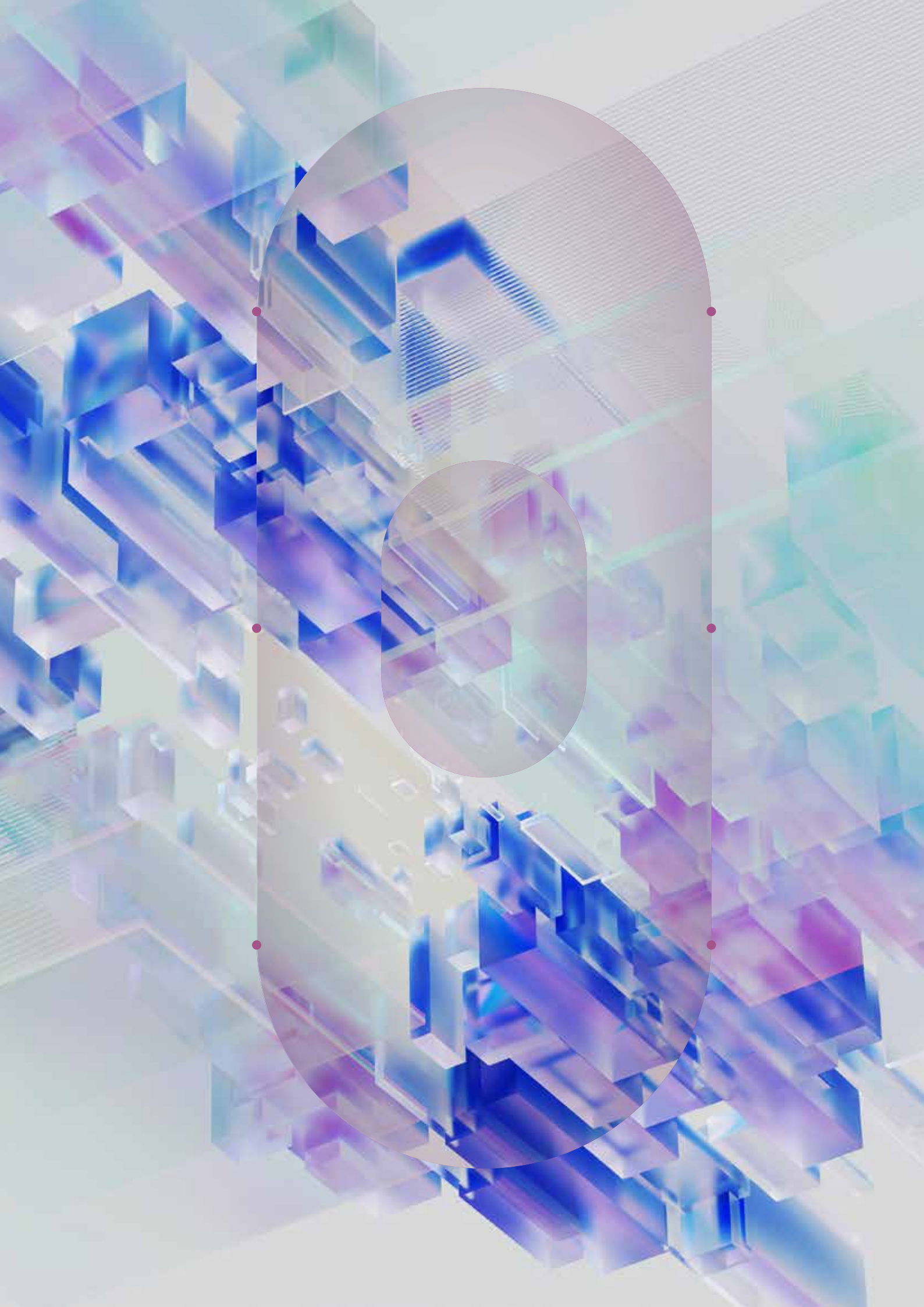
Ultimately, the drive toward inclusive food security isn't just about feeding people; it's about respecting their values, preserving their dignity, and ensuring that no one is forced to choose between hunger and faith. As governments, nonprofits, and local communities unite to expand halal-friendly infrastructure, one thing becomes crystal clear: equitable food systems benefit everyone, whether you consider halal a necessary practice, a moral stance, or simply a better standard of care.

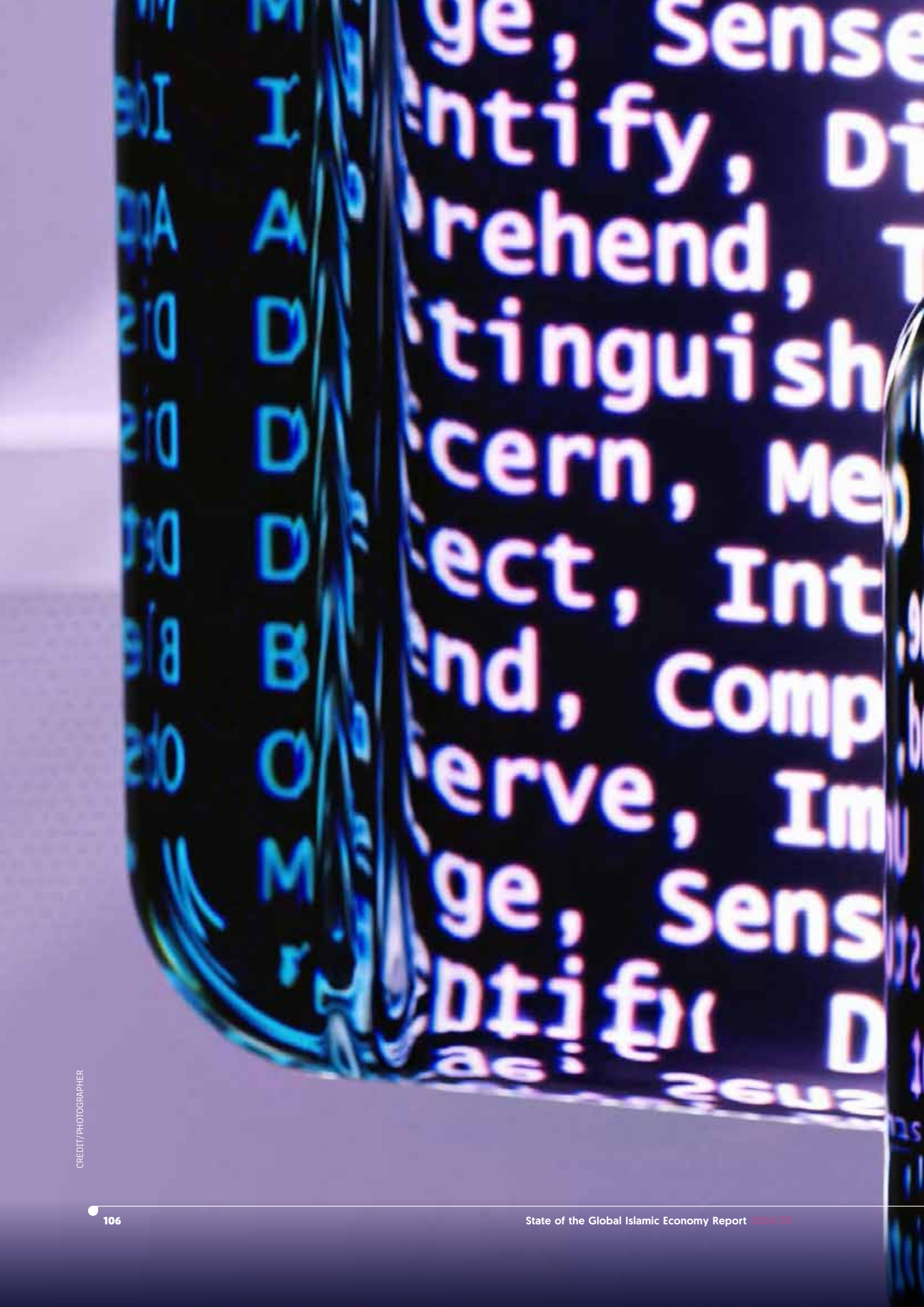
CHAPTER

6

**ISLAMIC  
FINANCE**







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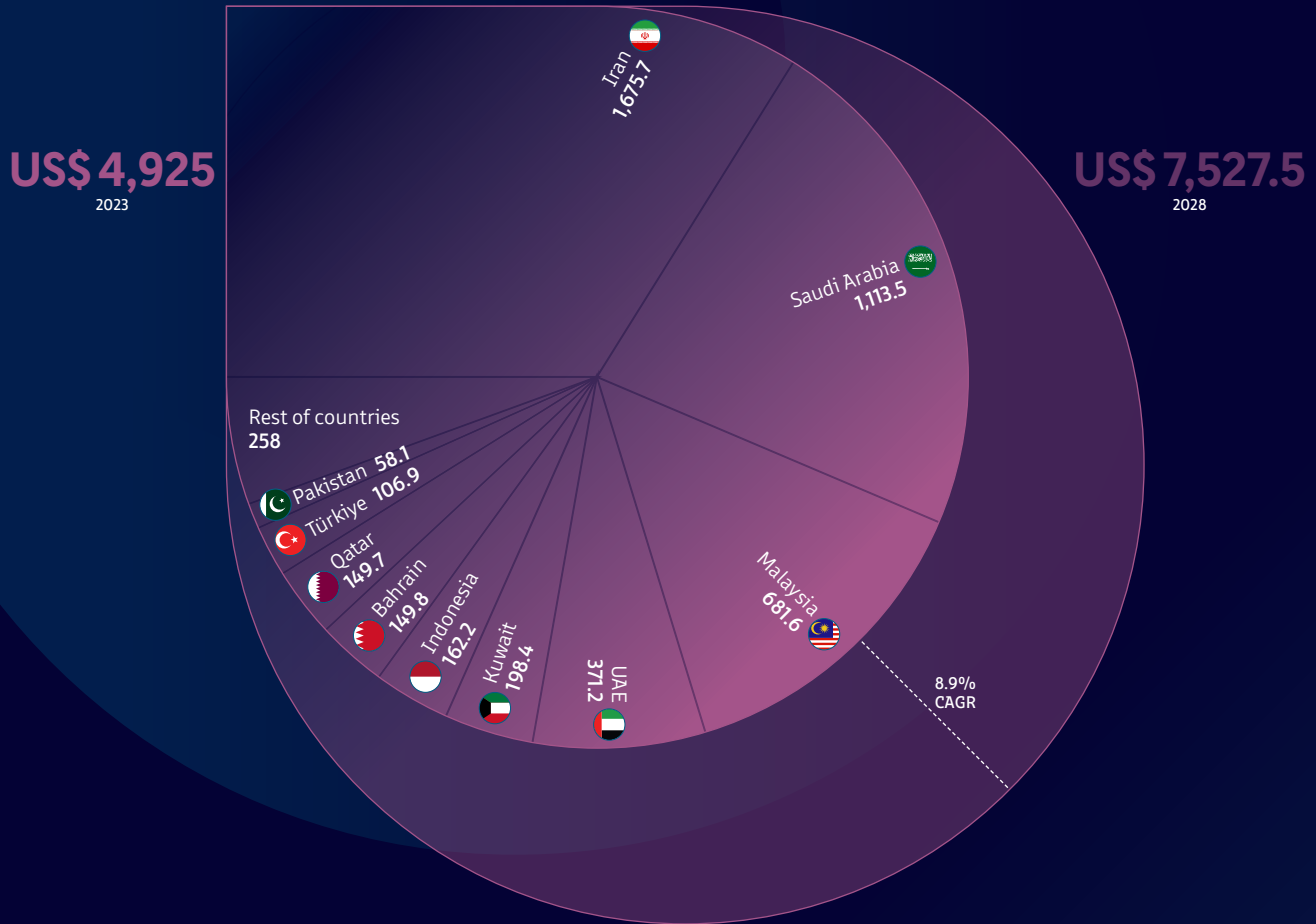


# ISLAMIC FINANCE

ALL FIGURES IN US\$ BILLIONS, UNLESS STATED OTHERWISE

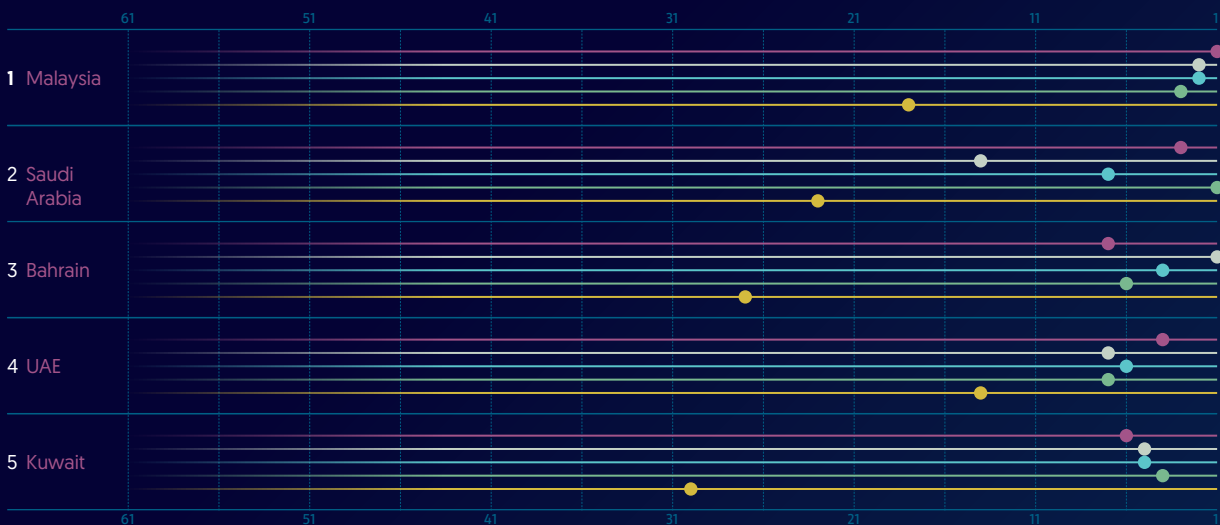
## SIZE OPPORTUNITY

Represented by **US\$ 4,925 billion** in Islamic finance assets globally [2023].



## GOVERNMENT LEADERSHIP

### ISLAMIC FINANCE – GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2024)



\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2023

# INVESTMENTS

US\$ MILLION (2023/24)

## US\$ 2 billion

Disclosed value for all 59 deals





### Top countries by total deal value and number of deals





## KEY DEVELOPMENTS


- 1 IsDB approves a record US\$ 1.15 billion for Kazakhstan's climate-resilient water project.


- 2 ICMA, IsDB & LSEG publish the first global guide for green and sustainable sukuk.


- 3 Pakistan's SECP issues tiered-capital and ADR rules for Islamic non-banks.

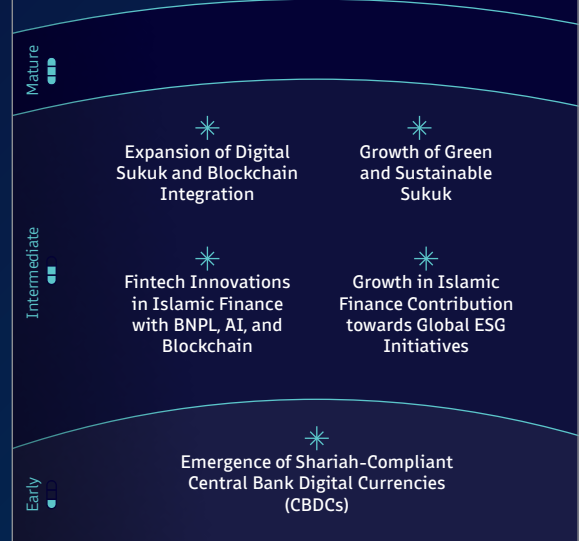

- 4 AEON Bank debuts as Malaysia's first fully digital Islamic lender.


- 5 Tamara's US\$ 340 million Series C crowns it Saudi Arabia's first fintech unicorn.

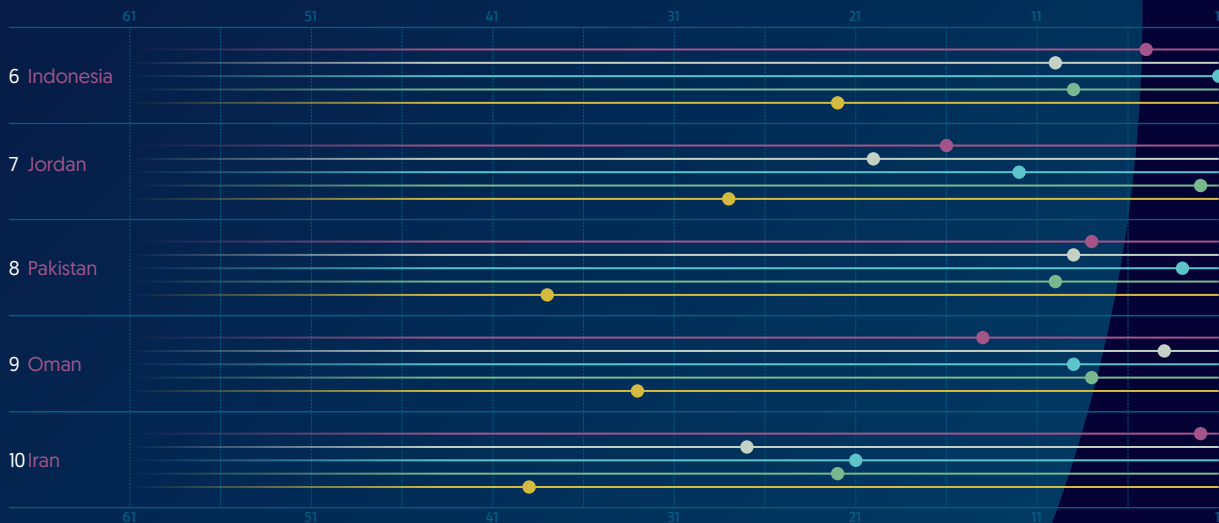


## SIGNALS OF OPPORTUNITIES

IMPACT: + Low \* Moderate \* High



Financial Governance Awareness Social Innovation



data. Projections are baselined on data from IMF Outlook from October 2024. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from August 2023 to July 2024. See appendix for detailed methodology. OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.



The Islamic finance sector experienced continued growth in 2023/24, driven by strategic investments and innovation across multiple markets. Global Islamic assets grew by 9.2% to US\$ 4.93 trillion, with Islamic banking representing 72% of this total. By 2027/2028, these assets are forecasted to reach US\$ 7.53 trillion, at a CAGR of 8.9%.

Multilateral organizations played pivotal roles in facilitating this growth. Notably, the Islamic Development Bank's (IsDB) historic US\$ 1.15 billion investment in Kazakhstan's Climate-Resilient Water Resources Development Project was complemented by substantial sukuk issuances totaling US\$ 3.25 billion and an additional EUR 500 million Euro-denominated sukuk, which supported sustainable development projects globally.

The momentum from multilateral efforts significantly impacted regional Islamic finance markets. Pakistan introduced comprehensive regulatory reforms and alternative sukuk structures to strengthen its Islamic capital markets. Kuwait developed regulatory roadmaps to promote sukuk and Islamic investments, while Malaysia emphasized digital transformation by establishing AEON Bank, its first Islamic digital bank. Indonesia enhanced regional sukuk regulations, and Saudi Arabia facilitated digital banking advancements and regulatory improvements aligned with Vision 2030 objectives.

These regional developments were closely linked to the growing emphasis on social impact finance and sustainable investments. There was significant growth in green and sustainable sukuk issuances, such as Warba Bank's pioneering US\$ 500 million green sukuk and Indonesia's US\$ 600 million issuance. Initiatives in Tanzania and Afghanistan further utilized Islamic finance for social development and sustainability projects, emphasizing the sector's expanding global relevance.

The momentum in sustainable finance bolstered further innovation in the sukuk market, notably Russia's

inaugural digital sukuk issuance leveraging blockchain technology, and Saudi Arabia's substantial sukuk activities, including Saudi Aramco's US\$ 3 billion issuance. Türkiye Wealth Fund's US\$ 750 million sukuk issuance attracted record demand, reinforcing market confidence and highlighting investor appetite for innovative and sustainable financial instruments.

Islamic fintech also benefited from these developments, gaining prominence through significant investments and groundbreaking innovations. Noteworthy examples include Saudi Arabia's fintech licensing expansions, blockchain-based stablecoins in Indonesia, and digital investment platforms in Malaysia and the UK. Concurrently, takaful advancements incorporated regulatory enhancements and digital innovations, particularly in Saudi Arabia, Malaysia, and Indonesia, increasing financial inclusion and customer engagement.

Additionally, Islamic social finance experienced critical advancements. Malaysia allocated substantial resources for waqf asset development, while microfinance expanded in Pakistan and Syria. The Akhuwat Foundation notably impacted financial inclusion in Pakistan through extensive microfinance initiatives. Innovation continued strongly with digital transformations and blockchain integration in sukuk markets, along with digital currency trials in Iran and Pakistan.

Overall, the continued expansion and innovation within the Islamic finance sector highlight its essential role in fostering sustainable economic growth, financial inclusion, and technological advancement across global markets.

# Sector developments (2023/24)

## REVENUE DEVELOPMENTS

Islamic finance continues its robust growth, with financial institutions expanding into new markets and exploring innovative product categories. OIC-based international and multilateral entities are investing in Shariah-compliant products, sustainable finance, and digital solutions. Fintech and blockchain applications are seeing increased attention, with new designs catering to efficiency and accessibility. Strategic partnerships are also driving growth, supporting local initiatives and enhancing market understanding.

### Latest projections

Global Islamic assets were valued at US\$ 4.93 trillion for the 2023/2024 period, reflecting a 9.2% increase from US\$ 4.50 trillion in 2022/2023. Islamic banking accounts for 72% of this total. By 2027/2028, global Islamic assets are projected to reach US\$ 7.53 trillion, growing at a CAGR of 8.9%.

## OPERATIONAL DEVELOPMENTS

Islamic finance continues to make significant strides globally, reflecting its resilience and adaptability in an ever-evolving financial landscape. This comprehensive overview highlights recent developments across various sectors of Islamic finance, organized under key thematic areas. The developments are interconnected to provide a cohesive narrative that underscores the growth, innovation, and impact of Islamic finance worldwide.

## MULTILATERAL ISLAMIC FINANCE DEVELOPMENTS

**Multilateral organizations have been instrumental in advancing Islamic finance by fostering collaboration, standardization, and capacity-building initiatives.**

- One significant development is the collaboration between the International Capital Market Association (ICMA), the Islamic Development Bank (IsDB), and the London Stock Exchange Group. Together, they released a comprehensive document on green and sustainable sukuk.<sup>180</sup> This guidance aims to support issuers and market participants in appropriately labeling sukuk, ensuring transparency, and aligning with global sustainability standards. By providing a clear framework, this initiative encourages the issuance of green and sustainable sukuk, thereby promoting environmental and social projects within the Islamic finance sphere.
- Furthermore, the Islamic Financial Services Board (IFSB) partnered with the Bangko Sentral ng Pilipinas (BSP), the central bank of the Philippines, to deliver Islamic finance-focused consultation sessions.<sup>181</sup> These sessions are designed to enhance the regulatory and supervisory capacities of Philippine authorities, facilitating the country's integration of Islamic finance into its financial system. Such collaborations highlight the role of multilateral organizations in expanding Islamic finance into new markets and fostering international cooperation.

### Investment summary

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ 000s)
Indonesia	M&A	Mandala Multifinance	469,030
Saudi Arabia	VC	Tamara	340,000
Egypt	VC	MNT-Halan	157,500
Malaysia	PE	AmBank Group	149,000
Saudi Arabia	M&A	Allianz Saudi Fransi Cooperative Insurance	133,070



- In 2024, the Islamic Development Bank (IsDB) approved its largest Islamic finance deal ever, investing US\$ 1.15 billion in Kazakhstan's Climate-Resilient Water Resources Development Project. This marks the largest Islamic finance-backed water initiative, supporting the construction of 11 reservoirs, the rehabilitation of 3,400 km of irrigation networks, and the enhancement of 100 km of river flows. The project aims to strengthen climate resilience, water security, and agricultural sustainability, setting a precedent for large-scale Islamic finance applications in infrastructure and environmental sustainability.<sup>182</sup>
- The Islamic Development Bank (IsDB) continued to be a major sukuk issuer with total capital fund raised of US\$ 3.25 billion<sup>183</sup> <sup>184</sup> along with a EUR 500 million Euro-denominated sukuk.<sup>185</sup> The funds support sustainable development, climate action, and infrastructure projects across 57 member countries, reflecting strong investor demand.
- Islamic Corporation for the Development of the Private Sector (ICD) issued a US\$ 500 million sukuk in February 2024.<sup>186</sup> This is its first in four years, attracting US\$ 2.2 billion in orders to support private sector growth in 56 member countries.

## MAJOR REGIONAL DEVELOPMENTS FROM ISLAMIC FINANCE COUNTRIES

**Countries with established Islamic finance sectors have undertaken significant initiatives to strengthen and expand their markets.**

- In Pakistan, the Securities and Exchange Commission of Pakistan (SECP) is spearheading comprehensive

reforms. The SECP plans to introduce Tier I and Tier II capital frameworks for Islamic non-bank financial institutions, enhancing their financial stability and capacity to absorb risks. Additionally, the introduction of an alternative dispute resolution mechanism for shariah-compliant contracts aims to streamline conflict resolution and increase investor confidence. These are part of the Strategic Action Plan (2024–26).<sup>187</sup> Simultaneously, the State Bank of Pakistan is finalizing an alternative Sukuk issuance structure to boost liquidity and diversify funding sources, reinforcing the country's Islamic capital markets.<sup>188</sup>

- Kuwait is advancing its Islamic financial industry through strategic planning. The Capital Markets Authority is developing a roadmap focused on regulatory enhancements and market development. This includes facilitating the issuance of sukuk and promoting Islamic investment products.<sup>189</sup> Gulf Bank postponed its plan for a potential merger with Boubyan Bank.<sup>190</sup>
- In Malaysia, technological advancement is a key focus. Mizuho Bank launched an Islamic banking window, expanding its product offerings to include shariah-compliant services.<sup>191</sup> Additionally, AEON Bank, Malaysia's first Islamic digital bank, received approval for operational readiness and commenced operations in May 2024.<sup>192</sup> This development highlights Malaysia's commitment to embracing digital innovation in Islamic finance, enhancing accessibility, and catering to a tech-savvy population.
- Indonesia continues to bolster its Islamic finance sector. The Financial Services Authority of Indonesia issued new regulations supporting regional bonds and sukuk issuances,<sup>193</sup> empowering local governments to

tap into Islamic capital markets for infrastructure and development projects. Moreover, the authority's new equity requirement for takaful and re-takaful players, IDR 100 billion and IDR 200 billion, respectively,<sup>194</sup> which would integrate Islamic insurance into capital market activities and provide additional protection for investors.

- In the Philippines, efforts to expand Islamic banking are gaining momentum. The government aims to have 10 Islamic banks operating within the next four years.<sup>195</sup> The Bangsamoro Autonomous Region in Muslim Mindanao plans to acquire shares in the country's lone Islamic bank,<sup>196</sup> enhancing local ownership and financial inclusion. Maybank Philippines launched its inaugural Islamic banking unit, becoming the first private commercial bank in the country to offer shariah-compliant services.<sup>197</sup> These developments signify a strategic push to integrate Islamic finance into the national banking system, catering to the needs of the Muslim population and promoting economic growth.
- Saudi Arabia is also enhancing its financial markets. The Capital Market Authority proposed regulatory enhancements on debt instrument offerings, including sukuk, to facilitate greater market participation.<sup>198</sup> The beta launch of STC Bank, an Islamic digital bank transformed from the digital wallet company stc pay,<sup>199</sup> marks a significant step in the Kingdom's digital banking evolution. These initiatives align with Saudi Arabia's Vision 2030, aiming to diversify the economy and modernize the financial sector.

## SOCIAL IMPACT DEVELOPMENTS

**Recent developments highlight the sector's increasing alignment with global sustainability initiatives, leveraging Islamic financial instruments to achieve social impact.**

- The surge in green and sustainable sukuk issuances underscores this trend. For instance, Warba Bank in Kuwait launched a US\$ 500 million green sukuk, the first of its kind in Kuwait. The issuance was oversubscribed 3.6 times,<sup>200</sup> indicating strong investor appetite for sustainable investment opportunities. Similarly, Indonesia issued a US\$ 600 million green sukuk as part of its international offering,<sup>201</sup> emphasizing its commitment to funding environmentally friendly projects.
- In Tanzania, the use of sukuk for social projects is evident.
- The Premier Girls Secondary School issued a sukuk to fund the construction of a health center,<sup>202</sup> marking the first time a non-financial institution in the country utilized this instrument. Additionally, ZIC Takaful Company provided a full guarantee covering the entire TZS 1.2 billion sukuk,<sup>203</sup> effectively mitigating investor risk. This marks the first instance in Tanzania where sakaful coverage has been utilized as a credit enhancement mechanism for a sukuk issuance.
- In Afghanistan, the Ministry of Agriculture, Irrigation,

and Livestock introduced Islamic financial products designed to aid farmers and livestock owners.<sup>204</sup> By providing shariah-compliant funding options, these initiatives aim to improve livelihoods, promote food security, and stimulate rural economic growth.

- The United Nations Development Programme (UNDP) is collaborating with Kuwait Finance House to develop an Islamic sustainable financing platform.<sup>205</sup> This partnership aims to leverage Islamic finance principles to fund sustainable development projects, further integrating Islamic finance into global efforts to address social and environmental challenges.



*The top trend right now is the growth of green and sustainable sukuk. Demand for green and sustainable assets keeps rising, and investors who've signed the UN PRI pledge need to convert their portfolios into green, responsible formats. This pushes more issuers to label sukuk as green or sustainable."*

**RAFE HANEEF, GROUP CEO, MBSB HOLDINGS**

## ISLAMIC BANKING DEVELOPMENTS

**Islamic banking institutions are undertaking strategic expansions, mergers, and embracing digital technologies to enhance their competitiveness and meet the evolving needs of customers.**

- Kuwait Finance House (KFH) Group is at the forefront of such strategic moves. KFH completed the conversion of Ahli United Bank Egypt into a fully shariah-compliant institution, expanding its Islamic banking footprint in Egypt.<sup>206</sup> The group also exited the Malaysian market to concentrate on growth within the GCC and the Middle East,<sup>207</sup> indicating a strategic realignment to focus on core regions. Additionally, KFH sold its entire stake in the UAE's Sharjah Islamic Bank for approximately AED 1.29 billion (US\$ 351.16 million),<sup>208</sup> reallocating resources to support its regional expansion.
- International expansions are also noteworthy. Qatar's Lesha Bank completed its acquisition of Kazakhstan's Bereke Bank after it received approval from the Kazakhstan regulator, marking its entry into the Kazakh market.<sup>209</sup> This acquisition aligns with Lesha Bank's strategy to diversify its portfolio and tap into emerging markets with growth potential in Islamic finance.
- In the United States, Stearns Bank launched its Islamic division and plans to introduce more shariah-com-

pliant products.<sup>210</sup> This development highlights the growing demand for Islamic financial services in non-Muslim majority countries and reflects the increasing acceptance and integration of Islamic finance principles in global markets.

- In Indonesia, a new regulatory directive issued in February 2024 mandates that if a conventional bank's Islamic banking unit reaches 50% of total assets or Rp 50 trillion (US\$ 3.25 billion) in value, it must either be spun off as a separate Islamic bank or merged with an existing one.<sup>211</sup> This measure is part of OJK's broader 2023-2027 plan to streamline and strengthen the country's Islamic banking sector.
- Salaam Bank Uganda, a subsidiary of Salaam African Bank of Djibouti, was officially launched on March 27, 2024, marking the commencement of Islamic banking operations in Uganda.<sup>212</sup>

## SUKUK DEVELOPMENTS

**The sukuk market continues to grow and innovate, with new issuances reflecting diversification in terms of geography, structure, and purpose.**

- Russia made a significant entry into the Islamic finance arena by issuing its first-ever digital sukuk. The joint initiative by Islamic financial services provider As Salam Group and registrar Status utilized the Status-Invest platform to issue the digital sukuk.<sup>213</sup> This innovative approach leverages blockchain technology to enhance transparency, efficiency, and accessibility in sukuk issuances, potentially setting a precedent for future digital Sukuk offerings.
- In Saudi Arabia, several noteworthy sukuk issuances took place:
  - Riyadh Bank concluded its offering of a sustainable sukuk worth US\$ 750 million, featuring a perpetual tenor and a profit rate of 5.5% per annum. The proceeds are intended to fund sustainable projects, aligning with environmental and social governance (ESG) objectives.<sup>214</sup>
  - Saudi Aramco returned to the international sukuk market with a US\$ 3 billion international sukuk issuance, indicating confidence in Islamic finance as a means to diversify funding sources.<sup>215</sup>
  - The Saudi Investment Bank established a Tier 1 sukuk program worth up to US\$ 1.5 billion with the debut offering of US\$ 750 million, aiming to strengthen its capital base and support growth initiatives.<sup>216</sup>
  - Saudi Arabia's sovereign wealth fund, PIF, started issuing benchmark-sized three-year sukuk and a green bond maturing in 2032, with proceeds directed towards general fund purposes and eligible projects.<sup>217</sup>
- Malaysia's Johor Plantations Group launched its debut Sukuk Wakalah paper worth RM 1.35 billion (US\$ 325.68

million), which was oversubscribed 3.27 times.<sup>218</sup> The strong demand demonstrates investor confidence in the group's creditworthiness.

- In Africa, the sukuk market is expanding. Zambia's Eden Villas Properties could be the first issuer of sukuk in Zambia after it secured regulatory approval to raise US\$ 3 million through sukuk.<sup>219</sup>
- The Türkiye Wealth Fund successfully issued a US\$ 750 million sukuk with a 6.95% return, attracting record demand of nearly US\$ 7 billion, 14 times the initial offering. This marks TWF's first global sukuk issuance, supporting the Istanbul Financial Center project.<sup>220</sup>

“ We started with cross-listing [of sukuk]. Now, our stock exchange is learning how to work with sukuk. We need [concrete] examples to show others how to use Islamic capital market products.”

**MADINA TUKULOVA, HEAD OF ISLAMIC FINANCE, ASTANA INTERNATIONAL FINANCIAL CENTRE**

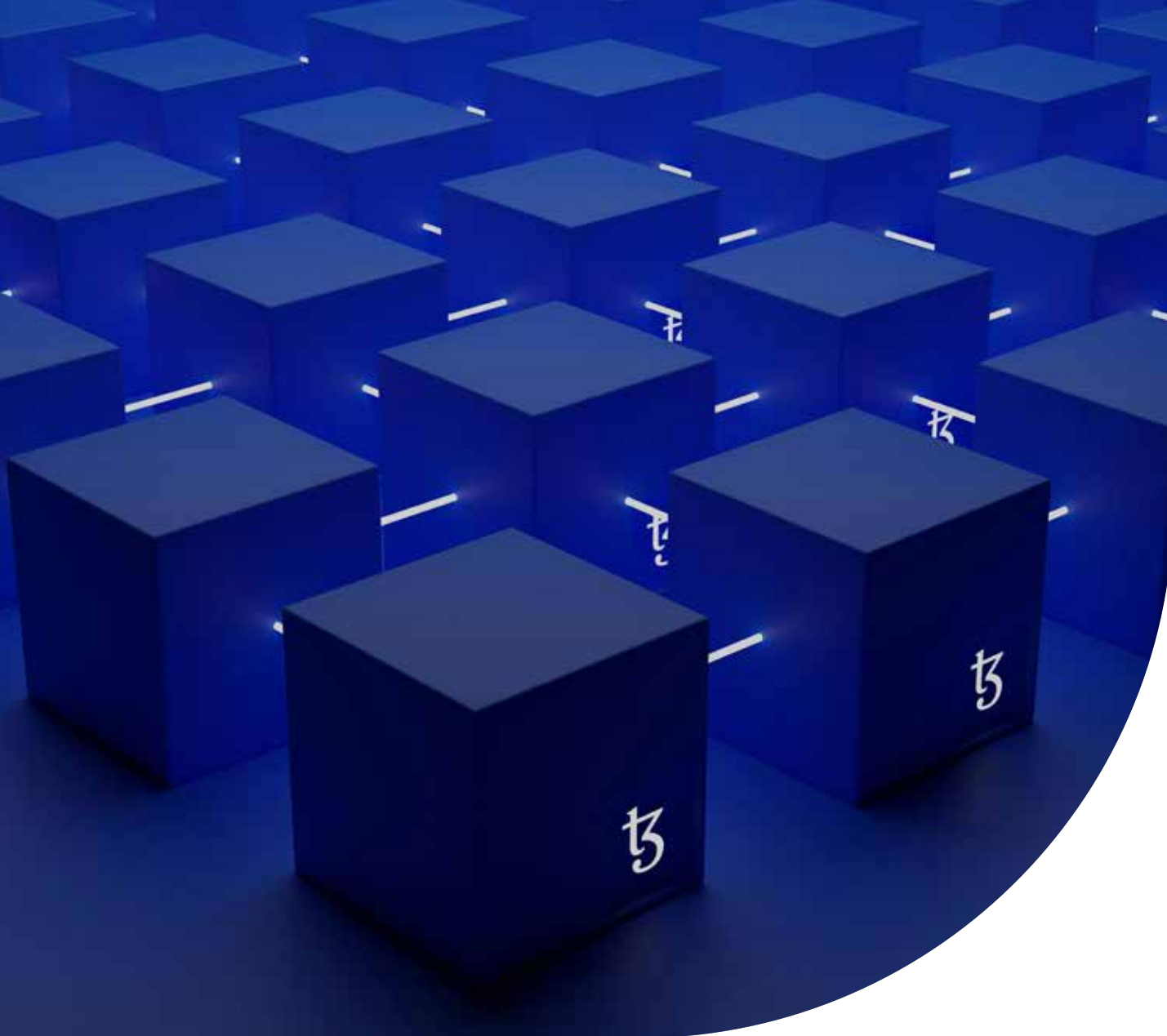
“ Corporate sukuk only flourishes if there's real demand for longer-term instruments. Malaysia, Saudi Arabia, and the UAE have strong institutional investors – like takaful and pension funds – so they need 10 to 20-year instruments. In volatile-currency markets, or where capital markets are undeveloped, sukuk won't grow much.”

**RAFE HANEEF, GROUP CEO, MBSB HOLDINGS**

## ISLAMIC FUNDS DEVELOPMENTS (ETF, INVESTMENT FUNDS, AND INDICES)

**Asset management within Islamic finance is experiencing significant growth, with new funds and investment products catering to diverse investor needs and preferences.**

- In South Africa, Satrix, a leading provider of index-tracking products, launched the Satrix MSCI World Islamic ETF. This ETF is the first shariah-compliant ETF in the country with offshore exposure, allowing investors to access global equities while adhering to Islamic investment principles.<sup>221</sup>



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- Saudi Arabia's GIB Capital and India's Tata Asset Management jointly launched the GIB Opportunistic Indian Equity Fund,<sup>222</sup> a shariah-compliant fund approved by the Saudi regulator.<sup>223</sup> This collaboration offers investors exposure to the Indian equity market within a shariah-compliant framework, showcasing cross-border partnerships in Islamic finance.
- In the United Kingdom, Cur8 Capital, a shariah-compliant wealth management company, launched a new US dollar-denominated income fund.<sup>224</sup> The fund provides exposure to markets in Uzbekistan, other Central Asian countries, the UAE, the UK, and the US. This diversification allows investors to tap into emerging markets and established economies, balancing risk and potential returns. Cur8 Capital also provided a US\$ 5 million credit line to Uzbekistan's Alif, which will be used to expand Alif's Nasiya retail financing service.<sup>225</sup>
- The Egyptian Exchange (EGX) launched EGX33, a shariah-compliant index featuring 33 selected companies from various sectors.<sup>226</sup> The index provides

a benchmark for shariah-compliant investment in the Egyptian stock market, facilitating the creation of investment products like ETFs and mutual funds based on the index.

## ANGEL, VC, AND PRIVATE EQUITY DEVELOPMENTS

**Venture capital and private equity investments are playing a crucial role in driving innovation within Islamic finance, particularly in the fintech sector.**

- Gulf Islamic Investments (GII) secured US\$ 100 million in growth capital to expand private equity opportunities across Saudi Arabia and the GCC.<sup>227</sup> Additionally, GII acquired a significant stake in Abeer Medical Company for SAR 600 million (US\$ 160 million), strengthening its shariah-compliant healthcare investments.<sup>228</sup>
- A fintech-focused funding vehicle managed by Arbah Capital, in partnership with Fintactics and the UK's

Vemi Capital (formerly Ethos Invest), announced plans to invest over SAR 150 million (US\$ 39.93 million) in early-stage fintech companies in Saudi Arabia.<sup>229</sup> This initiative aims to accelerate fintech innovation, support the growth of shariah-compliant financial solutions, and contribute to the Kingdom's Vision 2030 goals.

- In Egypt, fintech company Bokra raised US\$ 4.6 million in a pre-seed funding round. Bokra, which has a subsidiary sukuk arm licensed by the Financial Regulatory Authority, plans to launch its investment platform before the end of the second quarter of 2024.<sup>230</sup> The platform will offer innovative financial products, including sukuk, to investors seeking shariah-compliant investment opportunities.
- Oman-based Islamic fintech Mamun allocated US\$ 1 million in funding to invest in shariah-compliant startups in the MENA region.<sup>231</sup>

## FINTECH DEVELOPMENTS

**Fintech companies are at the forefront of transforming Islamic finance, leveraging technology to create innovative products and services that enhance customer experience and expand market access.**

- Deenar, a gold-backed stablecoin, launched in the Indonesian market on the HAQQ Network. Issued by Fiduciary Standard, licensed and regulated in Switzerland, Deenar represents a fusion of Islamic finance principles with blockchain technology.<sup>232</sup> The stablecoin provides a shariah-compliant digital asset backed by physical gold, offering stability and aligning with Islamic prohibitions against excessive uncertainty and speculation.
- In Malaysia, the initial exchange offering platform Kapital DX debuted its inaugural RM 150 million tokenized shariah-compliant offering, the proceeds of which will be used to establish four new rehabilitation centers for Integra Healthcare.<sup>233</sup> Later in the year 2024, Kapital DX partnered with Koperasi Kakitangan Petronas (KOPETRO) to provide KOPETRO members access to shariah-compliant private market assets.<sup>234</sup>
- Ethos Ventures in the UK partnered with a cloud-native banking technology firm to introduce a shariah-compliant digital banking service.<sup>235</sup> This initiative addresses the demand for ethical and shariah-compliant financial services in the UK, leveraging technology to offer accessible and user-friendly banking solutions. Ethos also applied for a full FCA and PFA UK banking license, which is currently pending.<sup>236</sup>
- In Saudi Arabia, Mekyal, an Islamic crowdfunding platform, received a fintech experimental permit from the capital market regulator, enabling it to pilot its services.<sup>237</sup> Additionally, Hala Financing secured a license from the central bank to offer debt-based crowdfunding solutions.<sup>238</sup> These contribute to making the landscape more competitive and appeal to younger, tech-savvy consumers.

- In 2024, Cordoba Capital Markets (CCM) in the UK secured regulatory approval for its shariah-compliant working capital investment program, launching the first listed Profit Participating Note (PPN).<sup>239</sup> This milestone enhances Islamic finance by offering ethical, participatory investment in real economy business activities.

“Fintech influences quantitative analysis by allowing large and more frequent datasets, better data collection, and even real-time analytics. This leads to faster turnaround for research outputs and a more detailed understanding of consumer behavior or investment trends.”

PROF. RAZALI HARON, IIBF, INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

## TAKAFUL DEVELOPMENTS

**The takaful (Islamic insurance) sector is witnessing growth through strategic collaborations, regulatory support, and the introduction of new products that cater to the evolving needs of consumers.**

- Several insurers in Saudi Arabia, including United Cooperative Assurance,<sup>240</sup> Malath Insurance,<sup>241</sup> Wataniya Insurance,<sup>242</sup> and Almamoon Insurance Brokers,<sup>243</sup> received shariah-compliance certifications from Shariyah Review Bureau. These certifications affirm the companies' commitment to adhering to Islamic principles in their insurance offerings, enhancing consumer trust.
- Bank Negara Malaysia, the central bank, issued an exposure draft on the broader application of Ta'awun (mutual assistance) in takaful,<sup>244</sup> emphasizing the cooperative nature of Islamic insurance. The Malaysian Takaful Association (MTA) also launched the Hijrah27 framework to expand the industry's reach through public awareness, reach to underserved segments, while focusing on ESG principles.<sup>245</sup> The association also launched the Maqasid al-Shariah Value-Based Intermediation (VBI) scorecard for takaful, developed by INCEIF University's ISRA Institute.<sup>246</sup> The central bank is also refining the Paddy Crop Takaful Scheme, aiming to provide better protection for farmers and support the agricultural sector.<sup>247</sup>
- In Indonesia, the Financial Services Authority released new regulations for takaful companies. The authority has introduced a new equity requirement of IDR 100 billion for takaful providers and IDR 200 billion for re-takaful players,<sup>248</sup> designed to integrate Islamic



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insurance into capital market activities and offer enhanced protection for investors. The authority plans to mandate the use of takaful for shariah capital market players,<sup>249</sup> integrating Islamic insurance into capital market activities and enhancing investor protection.

## ISLAMIC SOCIAL FINANCE DEVELOPMENTS (WAQF, ZAKAT, MICROFINANCE)

**Islamic social finance instruments, such as waqf (endowment), zakat (almsgiving), and microfinance, are being utilized to support community development, alleviate poverty, and promote financial inclusion.**

- In Malaysia, the national budget allocated significant funds for the development of waqf land and assets. The government, through Wakaf MADANI, plans to enhance the development of waqf land for retirement homes, allocating RM 300 million with the Retirement Fund Inc (KWAP) to support low-income retirees. Additionally, UDA Holdings Berhad will focus on affordable housing on waqf land with RM 200 million.<sup>250</sup>
- Microfinance initiatives are expanding access to financial services for underserved populations. In Syria, Siraj Financial Services, established by the Near East Foundation, offers Islamic financing solutions and business training to small businesses in Northern Syria.<sup>251</sup> This support helps entrepreneurs grow their businesses, create jobs, and contribute to economic development.
- In 2024, Akhuwat Foundation surpassed a milestone of supporting six million families through its interest-free microfinance program, with total loan disbursements

exceeding PKR 220 billion (~US\$ 789 million).<sup>252</sup> Akhuwat maintains a 99.9% repayment rate, demonstrating the strength of its shariah-compliant microfinance model in promoting financial inclusion and poverty alleviation.

- Eq8 announced the listing of the world's first waqf-featured exchange-traded fund (ETF).<sup>253</sup> This innovative investment vehicle channels dividends from shariah-compliant stocks into waqf-funded projects supporting education, healthcare, economic empowerment, and environmental initiatives, while also providing returns to investors.
- Also in 2024, the United Nations Development Programme (UNDP), in collaboration with Badan Wakaf Indonesia (BWI), introduced the Green Waqf Framework, integrating waqf assets with environmental sustainability goals. This initiative prioritizes sustainable investments.

“*In Malaysia, the government provides allocations to universities (like INCEIF and IIUM) for Islamic finance research. The Ministry of Higher Education also sets KPIs for policy briefs that can be adopted by regulators – one accepted policy paper counts as much as publishing many indexed journal articles.*”

**PROF. RAZALI HARON, IiBF, INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA**

## INNOVATION DEVELOPMENT

**Innovation is a driving force in the evolution of Islamic finance, with institutions embracing technology to enhance services, improve efficiency, and reach new markets.**

- The integration of blockchain technology is evident in the issuance of digital sukuk, such as Russia's first-ever digital sukuk<sup>254</sup> and blockchain-based sukuk initiatives in Nigeria.<sup>255</sup> These innovations enhance transparency, reduce costs, and increase accessibility for investors.
- Iran initiated a pilot program for a digital rial,<sup>256</sup> and Pakistan is exploring a non-interest-bearing, asset-backed CBDC,<sup>257</sup> which indicates a growing preference for digital currencies that are compliant with Islamic finance.
- Digital transformation initiatives, such as the launch of Islamic digital banks like AEON Bank in Malaysia<sup>258</sup> and STC Bank in Saudi Arabia,<sup>259</sup> reflect a shift towards digital service delivery. These banks leverage technology to offer seamless, customer-centric experiences, catering to the preferences of modern consumers.
- Fintech platforms like Kapital DX are utilizing technology to offer tokenized primary offerings of shariah-compliant products,<sup>260</sup> democratizing access to investment opportunities and facilitating efficient capital raising.
- The Central Bank of Iran has drafted regulations for cryptocurrency transactions, aiming to bring shariah-compliant digital finance solutions to its market.<sup>261</sup>

## REGULATORY AND INSTITUTIONAL DEVELOPMENTS

**Regulatory bodies are enhancing frameworks to support the integrity and expansion of Islamic finance, ensuring that institutions operate within robust legal and ethical boundaries.**

- In Saudi Arabia, the Capital Market Authority proposed amendments to regulations to facilitate debt instrument offerings, including sukuk, streamlining processes for issuers and protecting investors.<sup>262</sup>
- Bank Negara Malaysia published an exposure draft of Islamic banking window guidelines, covering authorization, governance, and operational requirements.<sup>263</sup> These guidelines aim to ensure that conventional banks offering Islamic windows maintain compliance with shariah principles and operate effectively.
- In Uzbekistan, discussions with the IsDB Institute focused on introducing green Sukuk regulations and issuances,<sup>264</sup> affirming commitment to integrating Islamic finance into sustainable development strategies.

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# SIGNALS OF OPPORTUNITIES



IMPACT: + Low \* Moderate \* High

MATURITY:  Early  Intermediate  Mature

1

## Emergence of shariah-compliant central bank digital currencies (CBDCs)

Iran's digital trial and Pakistan's asset-backed, non-interest CBDC pilot show the push to weave Shariah principles into sovereign digital money. The shift leaves white space for banks and tech firms to create transparent, asset-backed schemes that meet Islamic rules, ease cross-border remittances and widen financial inclusion. Early movers can secure strong positions by working with regulators, standards bodies and local partners to build scalable Shariah-compliant models.

Impact \* Maturity

## Expansion of digital sukuk and blockchain integration

Russia's first digital Sukuk and Indonesia's blockchain pilots signal growing acceptance of distributed ledgers in Islamic capital markets. Blockchain can cut costs, increase transparency and widen investor reach. The biggest play is to collaborate with fintechs on intuitive issuance and trading platforms. Early movers who showcase immutable audit trails can strengthen trust and open new regional and global investor pools while aligning with Shariah principles and supporting regulatory digitalisation drives.

Impact \* Maturity

3

## Growth of green and sustainable sukuk

Rising demand for green Sukuk in Saudi Arabia, Malaysia and Egypt signals investors' desire for environmentally and socially responsible assets that comply with Shariah. Asset managers and banks can meet this appetite through innovative green and social Sukuk structures that fund renewables, sustainable infrastructure and other impact projects. Branding and alignment with recognised ESG standards will be vital to attract climate-conscious investors and position issuers as leaders in ethical finance.

Impact \* Maturity

## Fintech innovations in Islamic finance with BNPL, AI, and blockchain

Platforms such as Tabby (Saudi Arabia) and Deenar (Indonesia) show how fintech can reinvent Islamic finance across payments, lending and investment. Accelerating digital innovation now opens ample space for newcomers to launch Shariah-compliant products—from stablecoins to BNPL—powered by AI and blockchain. Firms that embed robust governance, transparent pricing and agile, customer-first services will seize share, draw venture capital and future-proof their models as the ecosystem rapidly evolves.

Impact \* Maturity

5

## Growth in Islamic finance contribution towards Global ESG Initiatives

The rise of ESG-compliant Shariah funds in the UK, Kenya and Malaysia shows how ethical investing and Islamic finance are converging. This space offers value by uniting sustainability with Shariah principles. Fund managers and ESG start-ups can gain first-mover advantage by creating vehicles that blend rigorous Islamic standards with measurable social and environmental impact; early actors with credible metrics and transparent reporting are poised to secure a values-aligned investor base.

Impact \* Maturity

2

4

# Strategic Considerations by Stakeholders

Investors have opportunities in green and digital sukuk, but face challenges with standardization and regulatory barriers. Governments can enhance financial inclusion through Islamic microfinance and fund infrastructure via sukuk, though capital limitations and market volatility pose risks. Businesses can expand shariah-compliant fintech and takaful products but must address challenges like digital literacy and regulatory complexities.

## INVESTORS

### OPPORTUNITIES

1

#### Growing demand for green and sustainable sukuk

The global financial ecosystem is seeing a continuous shift towards sustainable and responsible investing, with ESG (Environmental, Social, and Governance) principles guiding institutional and retail investment strategies. Islamic finance, with its inherent focus on ethical and risk-sharing principles, is well-positioned to align with this trend.

The rise of green and sustainable sukuk is a testament to this opportunity. Recent issuances in Saudi Arabia, Malaysia, and Egypt highlight the growing investor appetite for shariah-compliant investment vehicles that also fulfill sustainability objectives. Green sukuk are particularly attractive to institutional investors such as sovereign wealth funds, pension funds, and impact investors looking for assets that align with both Islamic

finance principles and the broader ESG framework.

#### Relevant developments & precedents:

- Saudi Arabia's sustainable sukuk focused on financing renewable energy and sustainable infrastructure.
- Malaysia's leadership in green sukuk, with multiple issuances dedicated to funding clean energy and infrastructure.
- Egypt's green sukuk, which aims to support environmentally friendly public sector projects.

#### Potential outcomes by 2035:

- A more mature and standardized global market for green sukuk.
- Increased participation of ESG-focused institutional investors in Islamic finance.
- Stronger integration between sustainability frameworks (e.g., SDGs, Paris Agreement) and shariah-compliant financial instruments

2

#### Expansion of blockchain-driven digital sukuk

The digitalization of Islamic finance is creating new asset classes and investment channels, increasing efficiency and transparency in the market. Blockchain technology has the potential to enhance the issuance, trading, and management of sukuk by reducing administrative costs, increasing accessibility, and providing a more transparent audit trail.

The issuance of Russia's first digital sukuk marks a milestone in integrating blockchain technology with Islamic capital markets. Additionally, Indonesia's regulatory sandbox for blockchain-based Islamic financial instruments signals further potential for scaling digital sukuk solutions globally.

#### Relevant developments & precedents:

- Russia's blockchain-enabled sukuk on the Status-Invest platform.

- Indonesia's fintech-friendly regulatory initiatives for blockchain adoption.

**Potential outcomes by 2035:**

- Broader investor participation in sukuk due to reduced issuance costs and faster settlement cycles.

- Development of decentralized Islamic finance (DeFi) solutions, fostering inclusivity for retail investors.
- Increased adoption of real-time transaction tracking and verification, reducing fraud risks.

## CHALLENGES

1

### Limited standardization for green sukuk

Despite strong demand, there is a lack of uniformity in ESG reporting frameworks, certification standards, and compliance mechanisms across different jurisdictions. Investors face difficulties in comparing green sukuk across markets due to the absence of universally accepted evaluation metrics.

**Risk:**

- Regulatory fragmentation may lead to a lack of investor confidence.
- Greenwashing risks, where issuers may claim ESG benefits without proper compliance, could undermine market credibility.
- Lower liquidity and higher due diligence costs, as investors must conduct independent verifications of green credentials.

2

### Withdrawal of US from the Paris Accord

The US, being the driving force behind the climate accord, recently pulled out.

**Risk:**

- This would jeopardize the shift towards greener and sustainable finance as the incentives would be diminished.

3

### Regulatory barriers to digital asset adoption

While blockchain offers transparency and efficiency, many regulators have yet to develop clear guidelines for digital sukuk. Regulatory fragmentation creates uncertainty for investors and issuers, slowing the adoption of these innovations.

**Risk:**

- Slow regulatory approvals for digital sukuk across different jurisdictions.
- Security vulnerabilities related to smart contracts and decentralized platforms.
- Limited investor confidence in new financial instruments due to a lack of a global regulatory framework.

“

*Green bonds already require an underlying asset and purpose, so it's actually easier to persuade issuers to do sukuk – now the hurdles are similar for both conventional green bonds and Islamic green sukuk, which expands the pool of investors.”*

**RAFE HANEEF, GROUP CEO, MBSB HOLDING**

OPPORTUNITIES

1

**Expansion of Islamic microfinance**

Financial exclusion remains a significant challenge in emerging markets, particularly in sub-Saharan Africa and South Asia. Islamic microfinance provides an opportunity for governments to facilitate financial access for SMEs, rural populations, and informal sector workers, while adhering to shariah principles of risk-sharing and ethical financing.

The establishment of the first Islamic microfinance institution in Burkina Faso and Pakistan’s regulatory enhancements signal growing government support for microfinance as a tool for economic development.

**Relevant developments & precedents:**

- Burkina Faso’s introduction of Islamic microfinance to enhance financial inclusion.
- Pakistan’s efforts to develop microfinance-friendly regulatory policies.

**Potential outcomes by 2035:**

- Increased access to capital for rural entrepreneurs, particularly women and small businesses.
- Stronger SME ecosystems in OIC countries, contributing to economic diversification.
- Reduction in poverty and income inequality through ethical finance solutions.

2

**Leveraging sukuk for infrastructure development**

Governments can issue sukuk to finance infrastructure projects, diversifying public debt instruments while attracting global Islamic investors. Countries like Saudi Arabia, Türkiye, and Indonesia are already leveraging Sukuk for renewable energy, housing, and transport projects.

**Relevant developments & precedents:**

- Saudi Arabia and Türkiye’s benchmark-sized sukuk issuances for infrastructure.

- Indonesia’s use of green sukuk for renewable energy projects.

**Potential outcomes by 2035:**

- Increased fiscal flexibility for governments seeking alternative financing beyond conventional debt.
- Stronger international investor participation in national infrastructure projects.
- Acceleration of renewable energy and sustainability projects, particularly through green and social impact sukuk.

CHALLENGES

1

**Insufficient capital for microfinance institutions**

Many Islamic microfinance institutions struggle with liquidity constraints, making it difficult to scale operations and serve more clients.

**Risk:**

- Lower financial sustainability of IMFIs, making them dependent on government or donor funding.
- Limited scalability, restricting IMFIs from achieving meaningful market penetration.
- Higher operational costs, as Islamic financing models require additional due diligence and structuring to ensure compliance.

“

*Displaced people make up a good part of the community. We believe we can help them by giving them financing, making them self-reliant, and eventually able to move from IDP camps back into towns. There’s significant potential for shariah-compliant microfinance in neighboring Ethiopia, Djibouti, and Kenya, which have large Somali and Muslim populations.”*

**MUSTAFA ABDI ALI, CHAIRMAN, KIMS MICROFINANCE**

2

### Market volatility and currency risks

Sukuk markets, particularly in emerging economies, are susceptible to currency fluctuations and macroeconomic volatility, which can impact both pricing and investor appetite. High debt-to-GDP ratios in some markets could also limit a government's ability to issue sukuk at competitive rates.

#### Risk:

- Higher borrowing costs, especially in countries with weaker credit ratings.
- Reduced investor confidence, particularly when sovereign issuances are not properly hedged against currency depreciation.

“

*Many Muslims who live outside the country want to invest in Islamic products. [Yet] I expect Islamic banks to come up with dollar-denominated products to attract these people who earn in dollars. This would also help with FX reserves and volatility.”*

**DR. ABDULLATIF BELLO, MEMBER OF BOARD OF DIRECTORS, JAIZ BANK**

3

### Regulatory uncertainty and market fragmentation in the sukuk market due to AAOIFI's proposed Standard 62

The proposed Standard 62 requires issuers of sukuk to transfer legal ownership of underlying assets to investors. This move is intended to bring sukuk structures closer to Islamic principles of risk-sharing; however, it introduces challenges for sovereign and corporate issuers, particularly in countries with restrictions on foreign ownership of land and assets.

#### Risk:

- Investor withdrawal from the sukuk market, as sukuk structures shift from bond-like instruments to more equity-like structures. Many fixed-income investors

may exit the market due to increased risk exposure.

- Lower issuance volume, as the added complexity and costs associated with asset transfers may discourage issuers from using sukuk, reducing new issuances.
- Market fragmentation, as different countries may adopt varying interpretations of Standard 62, the Islamic finance market could become more regionalized, limiting cross-border investment.
- Downgraded credit ratings or unratable sukuk, as rating agencies have indicated that certain sukuk structures under the new rules may no longer be classified as fixed-income securities, making them harder to rate and reducing their appeal to institutional investors.

“

*The first sukuk issuance in Nigeria was oversubscribed...and every time they issue sukuk in the country, it's oversubscribed, to tell you that Islamic finance has come to stay. When you see a sukuk, [it's] attached to assets; you cannot take the money unless I know what you want to use the money for. The underlying asset is sukuk. So, when people realized the government was channeling the money directly to contractors – building roads, schools – it changed the cycle of everything in the country.”*

**DR ABDULLATIF BELLO, MEMBER OF BOARD OF DIRECTORS, JAIZ BANK**

OPPORTUNITIES

1

**Developing shariah-compliant fintech platforms**

Islamic fintech startups and financial institutions have the opportunity to bridge the accessibility gap by offering digital-first, shariah-compliant financial solutions. The younger, tech-savvy Muslim population is demanding frictionless financial services that integrate ethical finance with cutting-edge technology.

**Relevant developments & precedents:**

- Launch of gold-backed stablecoins (Deenar).
- Saudi Arabia’s Hala Financing license for debt-based

- crowdfunding.
- Operation of digital investment platform Kapital DX in Malaysia.

**Potential outcomes by 2035:**

- Fintech-enabled Islamic banks will compete with and surpass traditional banks, capturing millions of new customers.
- Shariah-compliant BNPL and microfinancing products become mainstream, especially in Southeast Asia, and Africa, where financial gaps persist.
- Islamic decentralized finance (DeFi) platforms emerge, allowing peer-to-peer financing.

2

**Digital transformation in takaful**

The takaful industry is poised for major disruption and growth, with an increasing shift towards digital platforms that cater to underserved sectors.

Businesses can create digital takaful products catering to niche markets.

**Relevant developments & precedents:**

- Introduction of digital takaful platforms in Indonesia.
- Regulatory support for takaful innovation in Malaysia and Saudi Arabia.

**Potential outcomes by 2035:**

- Widespread adoption of AI-driven, micro-takaful solutions, in emerging markets with high demand but low penetration.
- Development of customized takaful products for SMEs and gig economy workers, expanding financial security for self-employed.
- Increased use of IoT and AI for real-time risk assessment, reducing claim fraud and administrative overhead.

CHALLENGES

1

**Limited digital literacy in target markets**

Businesses may face challenges in promoting fintech solutions due to low digital literacy in some regions.

**Risk:**

- Slower fintech adoption in rural or unbanked populations.
- Security risks and cyber fraud, if businesses do not establish strong security and transparency mechanisms.

“

*Kazakhstan is trying to be a fintech country. In AIFC, fintech is also a high priority, as well as Islamic finance. We have regulations in AIFC for fintech, and we have a fintech hub. It’s a kind of sandbox.”*

**MADINA TUKULOVA, HEAD OF ISLAMIC FINANCE, ASTANA INTERNATIONAL FINANCIAL CENTRE**

2

**Regulatory and compliance hurdles**

Complex and varying regulatory requirements across regions may hinder the scalability of takaful solutions.

**Risk:**

- Higher compliance costs for companies looking to scale digital takaful offerings across countries.
- Fragmented adoption due to varying regulatory approvals across OIC nations.

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# A Smart Solution for Market Stability: Why the Global Islamic Economy Needs a New Approach

## The Challenge: Islamic Finance Lacks a Shariah-Compliant Market Stabilization System

The global Islamic economy, projected to exceed \$5 trillion by 2025, continues to expand at an impressive rate. Yet, despite this growth, one fundamental challenge remains unaddressed: the lack of a Shariah-compliant mechanism to stabilize financial markets.

Conventional financial markets rely on a variety of stabilization tools to counteract volatility and price distortions—from central bank interventions and sovereign wealth funds to derivatives-based hedging and circuit breakers. However, these mechanisms are not aligned with Islamic finance principles. Most stabilization methods are built on interest-bearing capital reserves, speculative instruments, or excessive uncertainty (gharar), making them unsuitable for Islamic financial markets.

For OIC governments, Islamic banks, and Shariah-compliant investment markets, the absence of an effective stabilization system creates a persistent risk of volatility, liquidity crises, and investor hesitancy. Without a viable alternative, Islamic finance is left without a dedicated solution to prevent excessive price swings, particularly in sukuk, Islamic equities, and digital assets.

## Why Existing Stabilization Mechanisms Are Not Suitable for Islamic Finance

Islamic finance principles prohibit riba (interest), gharar (excessive uncertainty), and maysir (speculation), making most existing stabilization mechanisms non-compliant:

- **Central Bank Interventions:** Traditional monetary policy tools rely on interest rate adjustments and fiat liquidity injections, which contradict Shariah principles.
- **Sovereign Wealth Funds (SWFs) & Stabilization Funds:** These funds are capital-intensive and often rely on interest-based financial instruments to manage market fluctuations.
- **Derivatives-Based Hedging:** Futures, swaps, and options introduce excessive gharar and speculative trading (maysir), making them impermissible in Islamic finance.

- **Stablecoins & Algorithmic Price Controls:** Existing stablecoins either depend on fiat reserves (which involve interest) or lack sustainability, as seen in past failures like Terra/LUNA's collapse.

As a result, Islamic financial markets remain vulnerable to capital flight, currency volatility, and asset price instability—issues that are further compounded by global economic shocks and geopolitical uncertainty.



## A Shariah-Compliant Alternative: The Smart Stabilization System (SSS)

To address this gap, the Islamic Development Bank Institute (IsDBI) has introduced the Smart Stabilization System (SSS)—an innovative, self-funded, and block-chain-enabled mechanism designed to proactively manage supply-demand imbalances in financial markets without relying on interest-based reserves.

### How SSS Works

The SSS employs a proactive stabilization approach, ensuring that market imbalances are addressed before they translate into price volatility:

- **Supply & Demand Balance:** When excess supply or demand occurs, the system deducts a portion of the surplus (either in cash or assets) and moves it to a Stabilization Network.
- **Tokenized Ownership:** Users receive stabilization tokens representing their stake in the network, ensuring transparency and market confidence.
- **Blockchain Security & Transparency:** All transactions are immutable, traceable, and trust-based,



CREDIT/SHUTTERSTOCK

making it a resilient alternative to traditional market interventions.

#### Key Advantages of SSS for OIC Markets

- **Self-Funded & Interest-Free:** Unlike central bank interventions, SSS does not require external capital or interest-bearing reserves.
- **Proactively Stabilizes Markets:** Unlike circuit breakers, which halt trading after volatility occurs, SSS prevents price distortions before they happen.
- **Shariah-Compliant & Blockchain-Enabled:** Ensures transparency and aligns with Islamic finance principles.
- **Applicable Across Asset Classes:** Can be used for Sukuk, Islamic equities, stablecoins, and CBDCs, offering a universal solution for OIC markets.

#### Future Applications: Transforming Islamic Financial Markets

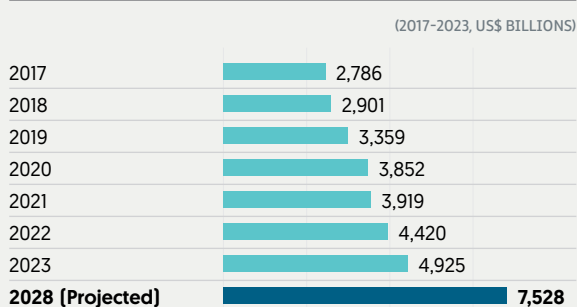
The completion of the SSS demo platform in 2024 marks a significant step forward in stabilizing Islamic financial markets. With potential applications across OIC governments, sovereign wealth funds, and digital Islamic finance, the SSS presents a viable industry-wide solution.

For OIC central banks and regulators, adopting the SSS could enhance financial stability without relying on conventional interest-based tools. In the era of Islamic digital currencies and blockchain-based financial systems, this solution offers a future-proof model for market stabilization.

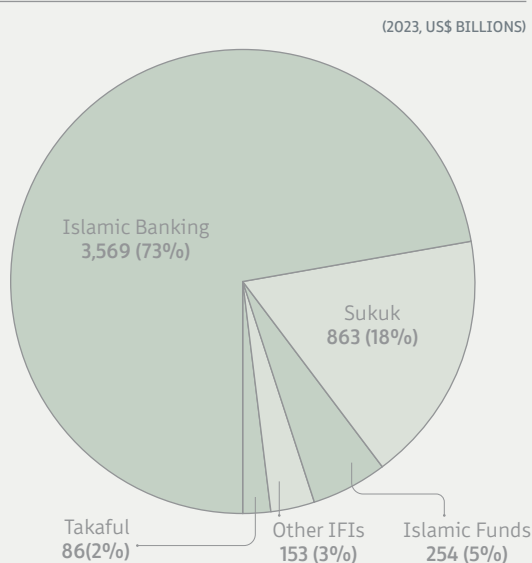
# Islamic Finance Development in 2024: From Niche to Norm

According to the latest issue of the ICD – LSEG Islamic Finance Development Indicator (IFDI), the Islamic finance industry’s assets posted double-digit growth of 11% to US\$ 4.9 trillion in 2023, nearing the US\$ 5 trillion mark. Regionally, the Middle East and North Africa dominate the industry, while Iran, Saudi Arabia, and Malaysia remain the largest Islamic financial markets globally.

## ISLAMIC FINANCE ASSETS GROWTH



## ISLAMIC FINANCE ASSETS GROWTH



## Islamic Capital Market’s Growing Role in Industry Expansion

By sector, Islamic banking is the largest contributor to Islamic finance assets, growing by 12% to US\$ 3.6 trillion in 2023. Notably, Afghanistan, Iraq, and Bahrain posted the highest growth rates. The sector has also recently welcomed new entrants such as Malawi and Uganda, as well as new digital banking players in Malaysia, Saudi Arabia, Türkiye, and the UAE.

Similar trends were observed in the takaful sector in countries such as the Philippines and Tanzania, with its total global assets reaching US\$ 86 billion. However, the sector faces challenges including competition from conventional insurance, limited Shariah-compliant options, and pressures from the monetary tightening cycle. For Islamic financial institutions other than Islamic banks and takaful operators, there is growth in Islamic FinTechs aiming to digitalise sukuk, setting new benchmarks for innovation in the industry.

Sukuk had a notable year, growing by 9% to US\$ 863 billion in outstanding amounts and over US\$ 200 billion in issuance in 2023. This rise is attributed to an increase in sovereign issuances in key markets, notable offerings from non-traditional markets, and a significant increase in the issuance of green and sustainability sukuk, resulting in US\$ 35.9 billion in such sukuk outstanding in 2023.

Additionally, another part of the Islamic capital market saw buoyant growth. Islamic funds’ AuM outstanding grew by 16% to US\$ 254 billion, with US\$ 8 billion focusing on ESG investments, thanks to positive investor sentiment as earnings exceeded forecasts.

## Improvements in the Islamic Finance Industry’s Supporting Ecosystem

There were also governance and regulatory developments across many countries that show promise in further strengthening their Islamic finance industries. Among them is the focus on Shariah governance by Islamic capital market regulators in Bangladesh and Malaysia, as well as new sukuk regulations in Tanzania and amendments introduced in Egypt and Ethiopia. Meanwhile, Syria and



CREDIT/SHUTTERSTOCK

Sri Lanka moved towards introducing regulatory backing for sukuk.

As Islamic capital markets grow, the focus on awareness and knowledge of the fundamentals of investing in its products, such as sukuk, Shariah-compliant equities, and Islamic funds, is rising in tandem, according to the IFDI database. This was most notably evident in countries such as Malaysia, Indonesia, and Pakistan.

While a brighter outlook is expected for the industry due to various global developments and overall financial market recoveries, downside risks remain. These include broader financial and economic considerations that will impact the industry. Additionally, risks such as geopolitical tensions, natural disasters, trade fragmentation, and effects of high interest rates exist, which will have implications for the Islamic finance industry in the short term, especially as the size and growth of the industry are largely driven by the GCC and wider Middle East region, which are impacted by these risks.

In the mid-term, the IFDI expects the Islamic finance industry to grow to US\$ 7.5 trillion in total global assets by 2028, up from US\$ 4.9 trillion in 2023.



**Shereen Mohamed**  
Senior Research Specialist  
LSEG Data & Analytics

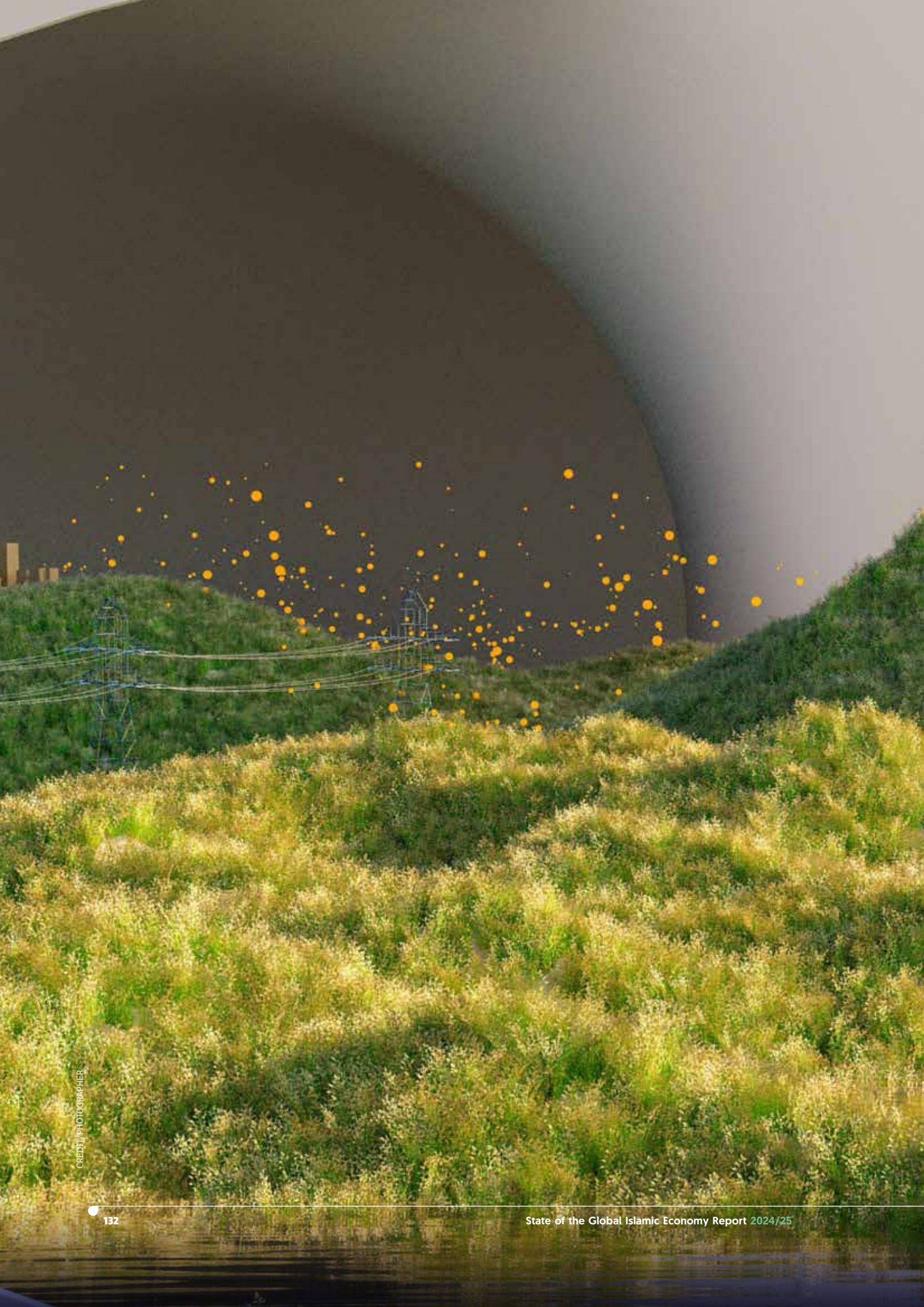
CHAPTER

7

**MUSLIM-FRIENDLY  
TRAVEL**









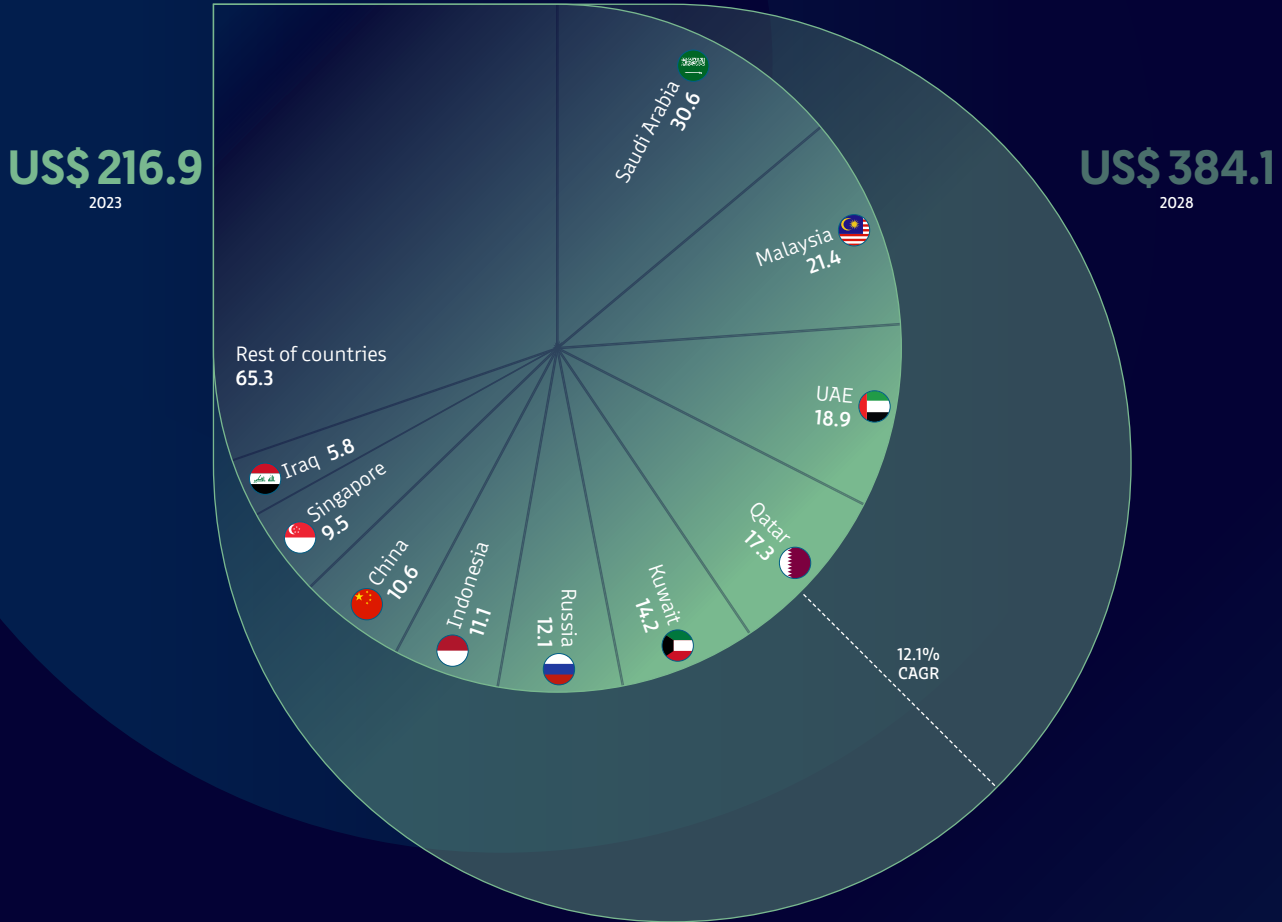


# MUSLIM-FRIENDLY TRAVEL

ALL FIGURES IN US\$ BILLIONS, UNLESS STATED OTHERWISE

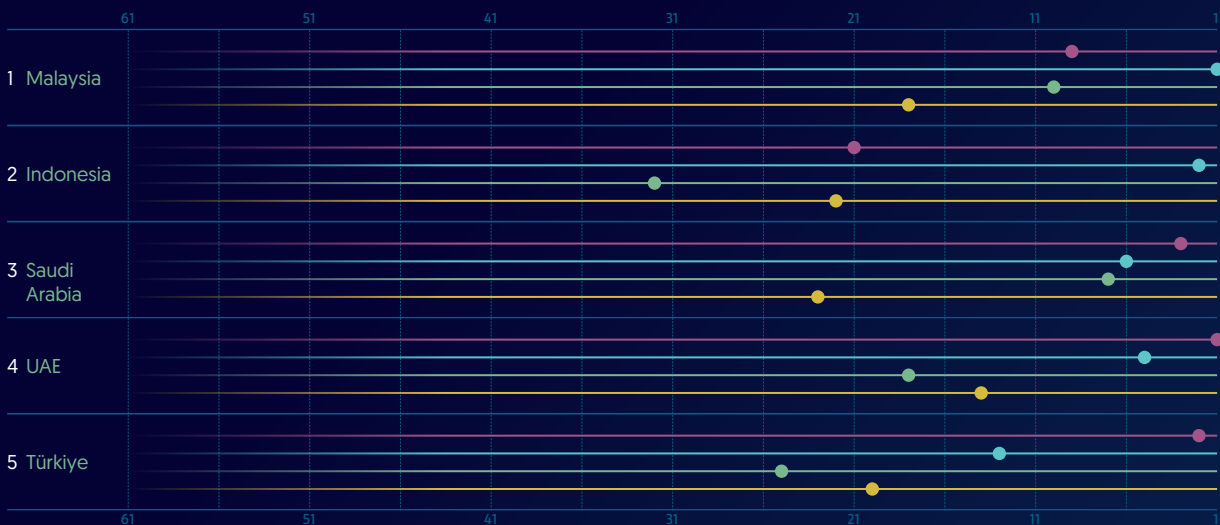
## CONSUMER OPPORTUNITY

Represented by **US\$ 216.9 billion** of consumer spending by **2 billion Muslims** on travel (2023)



## GOVERNMENT LEADERSHIP

### MUSLIM-FRIENDLY TRAVEL – GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2024)



\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2023

# INVESTMENTS

US\$ MILLION (2023/24)

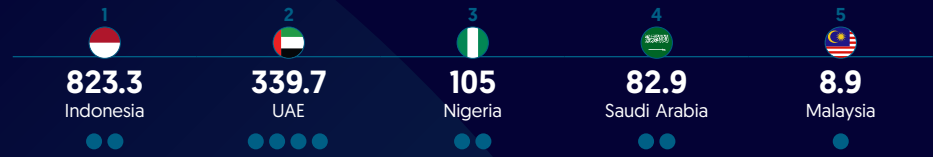
## US\$ 1.4 billion

Disclosed value for all 17 deals



### Top countries by total deal value and number of deals

● = 1 deal

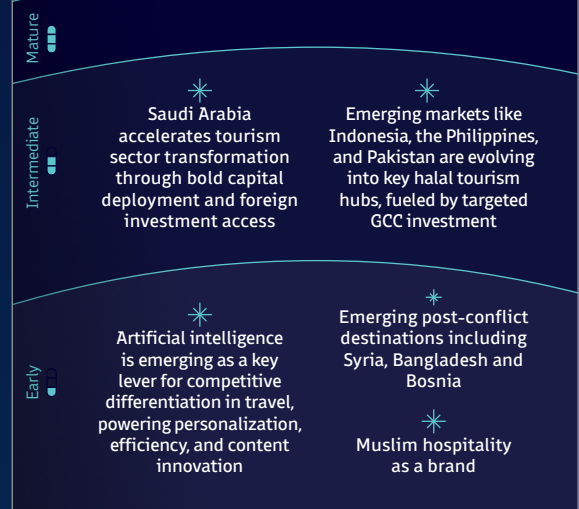


## KEY DEVELOPMENTS

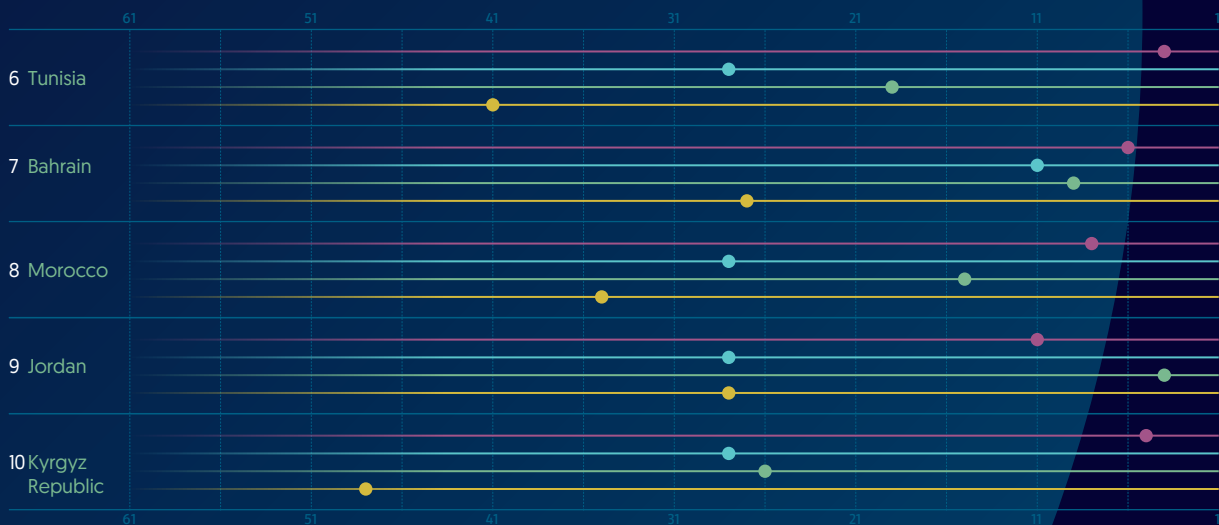
- PIF's QSAS crafts heritage-rich storytelling attractions across Saudi sites.
- AROYA Cruises begins Red Sea voyages, offering Arabian-themed halal luxury.
- Zanzibar crowd-maps hidden gems to steer sustainable tourism plans.
- Malaysia's MDEC opens a Digital Tourism Innovation Lab for sector digitalisation.
- UAE law now requires travel firms to report carbon emissions.

## SIGNALS OF OPPORTUNITIES

IMPACT: + Low \* Moderate \* High



Financial Awareness Social Innovation



data. Projections are baselined on data from IMF Outlook from October 2024. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from August 2023 to July 2024. See appendix for detailed methodology. OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.



Despite global economic uncertainties, investment in the travel industry across OIC countries continues to grow, driven by expanding tourism offerings, enhanced connectivity, and digital transformation. GCC countries are increasing investments in OIC and non-OIC markets, while Saudi Arabia continues to develop heritage, cultural, and eco-friendly tourism. The halal cruise sector is expanding with new offerings from AROYA Cruises, Resorts World Cruises, and Antarctica's first halal-certified voyage. Meanwhile, governments and businesses are strengthening Muslim-friendly tourism through cross-border partnerships, national marketing campaigns, and infrastructure development. Multi-destination travel is also gaining traction, with joint tourism campaigns and the anticipated unified GCC tourist visa expected to enhance regional connectivity.

AI-driven innovations are reshaping the industry, with airlines, tourism boards, and hospitality providers integrating advanced technologies for personalized services, seamless travel experiences, and improved operational efficiency. Digital platforms and B2B marketplaces are also seeing significant growth, enhancing travel accessibility and service delivery. Additionally, financial accessibility in travel is improving with digital payment solutions, including Saudi Arabia's Nusuk Wallet, Thailand's cryptocurrency payment initiative, and the EU's Identity Wallet for secure travel transactions.

Medical tourism continues to attract investment, with new healthcare facilities and digital platforms supporting cross-border patient services. Standardization efforts in halal tourism are advancing, with new certification frameworks and regulations being introduced, though the challenge of multiple standards remains. Sustainability is also becoming a greater focus, with the UAE implementing a new law requiring travel businesses to report their carbon emissions, aligning with global climate goals.

Investment in the travel industry remains strong, with 15 deals recorded in 2024. Notable investments include GoTo Gojek and Beond, companies making significant

strides in travel services and luxury offerings to cater to Muslim travelers.

In 2023, Muslim consumer spending on outbound travel surged by 43.2%, reaching US\$ 217 billion, with projections to hit US\$ 384 billion by 2028 at a CAGR of 12.1%.

Looking ahead, AI will enhance traveler experiences through dynamic pricing, personalized itineraries, and service optimization. Post-conflict destinations such as Syria, Bangladesh, and Bosnia are expected to see renewed tourism interest. Saudi Arabia's tourism expansion, including infrastructure and mid-market hospitality, will continue shaping the sector. GCC countries, including Indonesia, the Philippines, and Pakistan, are also increasing investments in emerging markets. Meanwhile, the rise of Muslim hospitality as a distinct brand presents opportunities for hotels and tourism operators to offer culturally immersive, faith-aligned experiences. Investors can explore emerging markets and mid-market hospitality, while governments can facilitate multi-destination travel and improve halal tourism standardization. Businesses can leverage AI, expand Muslim-friendly offerings, and build strategic partnerships to strengthen market positioning.

# Sector Developments (2023-24)

## REVENUE DEVELOPMENTS

GCC countries are increasing investments in OIC and non-OIC markets, with Saudi Arabia expanding heritage and cultural tourism. The halal cruise industry is growing, with new offerings from AROYA Cruises, Resorts World Cruises, and Antarctica's first halal-certified voyage. Medical tourism is attracting investment, while the Middle East strengthens its entertainment sector with major theme parks in Qatar, Saudi Arabia, and Dubai. Travel tech innovation and B2B marketplace expansions are driving global growth.

### Latest projections

In 2023, Muslim consumer spending on outbound travel rose by 43.2%, totaling US\$ 217 billion, up from US\$ 151 billion in 2022. Saudi Arabia remains the top spender, while Malaysia has climbed to second place and the UAE to third. By 2028, spending is expected to reach US\$ 384 billion, with a CAGR of 12.1%.

*Note: This does not represent the actual value of Muslim-friendly travel consumption. Rather, it represents the core addressable Muslim consumer market spending in the general travel category.*

## Updates on Revenue Developments

**GCC countries are increasing their investment in OIC and non-OIC countries.**

- Dubai-based real estate developer Eagle Hills has partnered with the Indonesian government to jointly invest US\$ 3 billion in new airports, hotels, and tourism infrastructure development.<sup>265</sup>
- Qatar is investing in the Philippines' halal tourism sector to diversify its portfolio and strengthen its global economic presence.<sup>266</sup>
- Saudi Arabia has expressed interest in investing in Pakistan, specifically in developing the coastal areas of Balochistan and establishing tourist cities in Khyber Pakhtunkhwa, as part of a collaboration between the two governments to attract Middle Eastern tourists through halal tourism initiatives.<sup>267</sup>

**Saudi Arabia is continuing to invest in tourism across heritage, eco-friendly, and cultural experiences.**

- Saudi Arabia's Public Investment Fund (PIF) launched the National Interactive Entertainment Company (QSAS) to develop immersive storytelling experiences, inspired by authentic Saudi heritage and Islamic history.<sup>268</sup>
- Aseer Investment Company, a PIF subsidiary, established a new holding company in partnership with Rikaz to invest in sustainable and heritage projects in the Aseer region.<sup>269</sup>

## Investment summary

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ 000s)
Indonesia	M&A	PT Pantai Indah Kapuk Dua	673,290
UAE	M&A	Dubai Taxi Company	314,710
Indonesia	M&A	GoTo Gojek Tokopedia	150,000
Nigeria	VC	Moove	100,000
Saudi Arabia	PE	Electric Vehicle Infrastructure Company (EVIQ)	67,733



CREDIT/UNSPASH

- Saudi Arabia revealed plans to build a large number of hotels and 11 new stadiums as part of its World Cup in 2034 bid.<sup>270</sup>
- Saudi Arabia surpassed its Vision 2030 tourism goal of attracting 100 million visitors annually by 2030, seven years ahead of schedule. It has now increased its goal to 150 million visitors by 2030.<sup>271</sup>
- Expanding beyond its giga-projects, Saudi Arabia has started developing mid-market tourism projects. Baheej, which is partly owned by PIF, has started developing the waterfront area of Yanbu. Additionally, Red Sea Global announced plans to develop three-star hotels south of the Red Sea luxury destination.<sup>272</sup>
- PIF launched a hospitality management company called Adeera to develop world-class Saudi hotel brands that embody authentic Saudi culture and hospitality.
- Dan Company, a PIF subsidiary, introduced Tuaja, a new luxury resort brand, with its first three Hilton-managed properties to be located in Al-Ahsa, a UNESCO World Heritage site renowned for its cultural significance and natural beauty. Tuaja Luxury Resorts aims to provide immersive experiences that highlight Saudi Arabia's diverse landscapes and rich heritage.<sup>273</sup>
- PIF-owned Saudi Tourism Investment Co. (Asfar) announced plans to develop Hail as its fifth destination, following projects in Al-Baha, Yanbu, Al-Ahsa, and Taif. Collaborating with private sector partners, Asfar aims to create unique travel destinations that showcase each city's identity. Recently, it signed agreements to develop four tourism projects in Yanbu, including a Cloud 7 resort with Kerten Hospitality.<sup>274</sup>
- Umm Al Qura is launching an IPO to fund the US\$ 26.6 billion Masar Destination in Makkah, a 3.5 km mixed-use development. It will feature hotels, residences, retail, commercial spaces, and a hospital. IPO proceeds will fund land settlements, infrastructure, and project activation.<sup>275</sup>
- Saudi Arabia now permits foreign investment in listed firms owning real estate in Mecca and Madinah. The move aims to attract foreign capital while limiting non-Saudis to 49% ownership in shares and convertible debt. This aligns with Vision 2030's goal to diversify the economy beyond oil.<sup>276</sup>

#### **The halal cruise industry is expanding, driven by Cruise Saudi's AROYA Cruises, Resorts World Cruises, and the first halal-certified Antarctica voyage.**

- Cruise Saudi's AROYA Cruises launched its inaugural voyage from Jeddah to the Red Sea in December 2024, offering Arabian-themed luxury rooted in Islamic values. The cruise line plans to expand to the Mediterranean in summer 2025. Cruise Saudi aims to attract 1.3 million passengers annually by 2035 and expand its routes to 10 destinations by 2030.<sup>277</sup>
- Antarctica's First Halal Cruise: Albatros Expeditions will launch the first halal-certified cruise to Antarctica in January 2026. The voyage will feature a halal-

certified kitchen, an alcohol-free environment, and designated ladies-only hours in the panoramic sauna.<sup>278</sup>

- In November 2024, Resorts World Cruises' Resorts World One set sail from Dubai on its maiden voyage, offering all-halal F&B across 12 restaurants and cafés, prayer mats in cabins, and a dedicated ladies' lounge.<sup>279</sup>

#### **Medical tourism is proving to be an attractive investment area.**

- Singapore-based IHH Healthcare will acquire Malaysia's Island Hospital for US\$ 901 million.<sup>280</sup>
- The National Bank of Oman's Islamic banking window, Muzn, launched a shariah-compliant medical finance program for medical care within Oman and internationally.<sup>281</sup>
- Iran has invested in hospitals to meet international standards, licensing 247 hospitals and medical centers for international patients while simplifying visa procedures for patients and their companions to encourage medical tourism.<sup>282</sup>
- Malaysia-based startup MedTrip launched a digital platform that connects patients to cross-border medical services, offering personalized doctor/hospital recommendations and medical cost estimations.<sup>283</sup>

#### **The Middle East is expanding its theme park industry, with major projects in Qatar, Saudi Arabia, and Dubai.**

- Qatar is developing a US\$ 3 billion Land of Legends theme park within the Simaisma project. The theme park is set to be one of the largest in the Middle East, with seven themed zones, immersive attractions, and two hotels. Expected to open in 2028, it aims to attract two million visitors annually.<sup>284</sup>
- Saudi Arabia is planning a soft opening of Six Flags Qiddiya City in mid-2025,<sup>285</sup> while construction is underway for a Dragon Ball Theme Park in Qiddiya,<sup>286</sup> an entertainment megaproject near Riyadh designed to be a global hub for entertainment, sports, and the arts.<sup>287</sup>
- Dubai opened its Real Madrid World theme park in April 2024,<sup>288</sup> adding to its existing entertainment portfolio, which includes Dubai Parks and Resorts, Ferrari World Abu Dhabi, and Warner Bros Abu Dhabi.

#### **New investments drive travel tech innovation, B2B marketplace expansion, and strategic acquisitions for global growth.**

- HalalBooking raised US\$ 10 million in a Series B angel funding round at a valuation of US\$ 125 million and is in talks with institutional investors for a larger Series C round in 2025.<sup>289</sup>
- Seeru.ae, a travel tech startup, secured pre-seed funding from Nabhah Ventures (US-based VC) and launched three platforms: seeru.com for direct traveler bookings, seeru.travel for B2B flight bookings, and SeeruX, an API integration for developers. Future expansions include a dedicated Umrah platform and a travel marketplace.<sup>290</sup>

- Malaysian private equity firm Creador acquired Indonesia's MG Group, a leading Indonesian B2B hospitality marketplace, with plans for global expansion.<sup>291</sup>

## OPERATIONAL DEVELOPMENTS

### Tourism operations advance, with Gambia's digital platform launch, Qatar's tourism awards, and Uganda's promotional partnership with Emirates.

- Gambia launched a digital tourism platform with technical assistance from the Commonwealth Secretariat to enhance tourism accessibility and promotion.<sup>292</sup>
- Qatar Tourism, in collaboration with UN Tourism, hosted the Qatar Tourism Awards 2024, recognizing excellence across categories such as hotels, dining experiences, attractions, and sustainability.<sup>293</sup>
- Uganda Tourism Board (UTB) and Emirates Airlines signed a partnership to promote Uganda's tourism offerings through in-flight promotional videos and familiarization trips for travel professionals. Emirates will also offer a 10% discount on fares for tourism-related bookings.<sup>294</sup>

## NATIONAL/TRADE DEVELOPMENTS

Governments and businesses are expanding Muslim-friendly tourism through marketing, partnerships, and infrastructure projects. Post-conflict destinations like Baghdad and Bosnia are experiencing a tourism revival. Cross-border collaborations are strengthening regional ties, and new rail developments in the UAE and Saudi Arabia are enhancing connectivity and luxury travel.

### Governments and businesses worldwide are investing in halal-friendly travel to attract Muslim tourists.

- The Taiwan Tourism Bureau implemented marketing initiatives to attract the Malaysian Muslim travel market. They launched a promotional video highlighting the country's urban attractions, eco-friendly travel, as well as adventure and culture travel. They also engaged a Malaysian media star as the Muslim travel ambassador.<sup>295</sup>
- The Philippines is developing Muslim-friendly options in Boracay island, with a plan to convert Megaworld hotels in the Philippines to Muslim-friendly.<sup>296</sup> It has also launched a brand campaign titled "Halal-Friendly Philippines" to attract Muslim visitors from the GCC and ASEAN.<sup>297</sup>
- AirAsia Philippines partnered with the Universal Islamic Center and Philippine Halal Trade and Tourism to position the Philippines as a halal-friendly destination.<sup>298</sup>
- Thailand released a Halal Route app developed by Chulalongkorn University's Halal Science Centre. The app provides users with halal-certified restaurants, mosques, and prayer rooms as well as prayer timings,

offering halal businesses an opportunity to tap into the Muslim market.<sup>299</sup>

- Malaysia's HalalHolidays OTA partnered with the Thai Muslim Trade Association (TMTA) to promote halal-friendly travel packages in Thailand and connect travelers with guides who are familiar with the local Muslim culture and history.<sup>300</sup>
- Tourism Australia partnered with four Indonesian travel agencies to curate Muslim-friendly travel itineraries for Indonesia's predominantly Muslim middle-class market.<sup>301</sup>
- Zambia developed a range of halal-certified accommodations and dining options in a bid to attract Muslim travelers.<sup>302</sup>

### Countries are strengthening tourism ties through strategic partnerships and cross-border agreements.

- Saudi Arabia's Aroya Cruises partnered with Malaysia's IslamiCruise International Sdn Bhd to launch a 26-night chartered voyage, with stops in Salalah (Oman), Male (Maldives), and Banda Aceh (Indonesia), offering Muslim-friendly recreational activities and entertainment, in addition to congregational prayers and religious lectures.
- Kenya and Jordan formed a strategic tourism partnership to increase tourist flow between the two countries as well as knowledge exchange.<sup>303</sup>
- Uzbekistan and Kazakhstan signed an agreement to enhance pilgrimage tourism, easing border crossings and promoting cooperation between travel agencies.<sup>304</sup>
- Qatar and Djibouti initiated discussions on tourism collaboration, with Qatar Tourism proposing training opportunities and workforce development to support Djibouti's tourism growth.<sup>305</sup>
- Malaysia is positioning itself as an Umrah transit hub, focusing on attracting Indonesian travelers.

### Post-conflict destinations experience tourism revival.

- Baghdad has been named the Arab Tourism Capital for 2025 by the Arab Tourism Organization. The selection recognizes Baghdad's rich cultural and historical significance while aiming to boost tourism among Arab nations. The city's designation was based on key criteria, including tourism sector management, infrastructure development, diverse attractions, environmental sustainability, and safety measures.<sup>306</sup>
- Bosnia and Herzegovina achieved a record-breaking year for tourism in 2024, marking its highest-ever visitor numbers. Tourist arrivals surged by 31.67%, while overnight stays increased by 25.03% compared to the previous year, surpassing even the pre-pandemic peak of 2019.<sup>307</sup>

### Major infrastructure projects are improving connectivity and enhancing luxury travel experiences.

- UAE's Etihad Rail announced plans for a high-speed train connecting Abu Dhabi and Dubai in just 30 minutes, at speeds reaching up to 350 kilometers



CREDIT/UNSPASH

Luxury beach and resort center in Nungwi, a small village located in the northern tip of Zanzibar, Tanzania

per hour. This development positions the UAE's rail network among the world's top ten fastest trains, surpassing Japan's Shinkansen, which operates at speeds up to 320 kilometers per hour. The initiative is part of the UAE's broader strategy to enhance its transportation infrastructure and promote sustainable travel options.<sup>308</sup>

- The Saudi Railway Company (SAR) is set to launch the Dream of the Desert, an ultra-luxury train, in late 2026, which will run 1,300 km from Riyadh to Al Qurayyat. The train features 34 luxury suites across 14 carriages, accommodating 82 passengers. Interiors are inspired by traditional Saudi reception areas, and the corridors showcase Saudi cultural artworks. Dining includes Michelin-starred cuisine, blending local and international flavors.<sup>309</sup>

## ECOSYSTEM DEVELOPMENTS

GCC countries are boosting multi-destination travel with joint campaigns and a planned unified visa. Halal tourism standardization is expanding, though multiple frameworks remain a challenge. Countries are enhancing their halal tourism ecosystems through certifications and Muslim-friendly accommodations, while initiatives like Zanzibar's halal-friendly tourism push are shaping

the global landscape.

### Facilitation of multi-destination travel in the GCC through joint campaigns and the anticipated unified GCC tourist visa.

- Qatar Tourism and the Saudi Tourism Authority launched a joint campaign titled "Double the Discovery" to promote both countries to international visitors by offering curated travel packages, including flights, accommodation, and city guides, facilitated by Qatar Airways.<sup>310</sup>
- Bahrain and Saudi Arabia signed an agreement to market themselves as a single destination, with Gulf Air flying tourists from Saudi Arabia to Bahrain as part of a two-center holiday.<sup>311</sup>
- Ras Al Khaimah Tourism Development Authority in the UAE and Oman's Ministry of Heritage and Tourism launched a unified summer travel campaign titled "See Double." The partnership aims to attract visitors to explore the natural emirate of Ras Al Khaimah and neighboring Musandam in the governorate of Oman, which are a 90-minute drive from each other.<sup>312</sup>
- GCC countries continue to develop the GCC Grand Tours visa, a unified tourist visa similar to the Schengen visa, allowing travelers to visit multiple GCC nations with a single-entry permit.<sup>313</sup>

**Standardization efforts continue, with global frameworks,**

**national certifications, and expanded Muslim-friendly hospitality initiatives, though the challenge of multiple standards persists.**

- UN Tourism (formerly UNWTO) proposed a unified halal tourism certification framework during an online workshop by SESRIC and ICDT. The framework begins with assessing current halal tourism standards and practices, followed by an action plan to ensure regulatory and institutional alignment among participants.<sup>314</sup>
- The Standards and Metrology Institute for Islamic Countries (SMIIC) is developing a “Halal Medical Tourism” standard.<sup>315</sup>
- The Philippines released the Guidelines Governing the Operations and Recognition of Muslim-Friendly Accommodation Establishments, focusing on accommodation, restaurants, and services that cater to the specific needs of Muslim travelers. Additionally, the Department of Tourism held a Halal Tourism and Trade Expo in 2024 to promote Muslim-friendly tourism products.<sup>316</sup>
- The Malaysian arm of Indian hospitality brand OYO announced its plans to launch 200 Muslim-shariah-compliant hotels by 2028, which are in line with the government’s Muslim-Friendly Hospitality Assurance (MFAR) program.<sup>317</sup>
- The Islamic Tourism Centre (ITC) and the Malaysian Budget and Business Hotel Association (MyBHA) signed an MoU to support the Association’s members in obtaining the Muslim-Friendly Tourism and Hospitality Assurance and Recognition from ITC.<sup>318</sup>
- Uzbekistan plans to introduce halal certification for hotels in a bid to strengthen its halal tourism ecosystem. The Ministry of Culture and Tourism’s Tourism Services Certification Center has signed a memorandum with the World Halal Trust Group and the International Halal Certification Center MAIB to collaborate on developing the certification, as well as providing training on halal tourism and conducting joint research.<sup>319</sup>
- Russia’s halal certification body, Roskachestvo-Halal, began certifying hotels and tourism services according to a standard developed by the Halal Competence Center together with the muftis of the regions of the Russia, based on the standards of 30 countries.<sup>320</sup>

**New Muslim-friendly initiatives and Islamic heritage site designations are enhancing the global halal tourism landscape.**

- In a bid to boost halal tourism in the region, Dubai is building the world’s first floating mosque, half of which will be underwater. It will include sitting areas and a coffee shop, in addition to the prayer hall. The construction is expected to cost close to US\$ 14.9 million.<sup>321</sup>
- Tanzania’s Zanzibar has announced plans to enhance halal-friendly tourism by introducing alcohol-free accommodations, prayer facilities, and gender-segregated spaces. Additionally, the Minister of Tourism

unveiled a vision to transform the island into a regenerative economic model, emphasizing sustainability and long-term growth.<sup>322</sup>

- Oman’s Bisya and Rustaq Forts have been added to the Islamic Heritage List, highlighting their cultural and historical significance. This recognition is expected to boost tourism by attracting visitors interested in Islamic history and architecture.<sup>323</sup>

## SOCIAL IMPACT DEVELOPMENTS

**Sustainable tourism practices are being implemented by some OIC countries, with the UAE enforcing carbon reporting, Bangladesh promoting eco-tourism, and Jordan expanding nature-based travel.**

- The UAE issued a law requiring travel businesses to report their carbon emissions, impacting airlines and major hotel groups. This initiative aims to promote sustainability and align with global climate goals.<sup>324</sup>
- BRAC, a Bangladesh-based development organization, partnered with the Bangladesh Tourism Board to launch “Otithi,” a project promoting community-based, eco-friendly tourism. The initiative aims to enhance travel experiences while supporting local communities, positioning tourism as a key driver of socio-economic development.<sup>325</sup>
- Ajloun, Jordan, has introduced a cable car system to boost eco-tourism, attract visitors, and support the local economy while preserving natural beauty. Managed alongside the Royal Society for the Conservation of Nature, the project aligns with international eco-tourism standards, though concerns remain about climate change risks like landslides and fires.<sup>326</sup>

“We have significantly reduced our plastic usage, transitioned to eco-friendly materials, and implemented waste management systems. Food waste is donated to animal shelters, and we are working on a project to convert waste into animal feed. Additionally, we hold several certifications, including the Blue Flag for our beach, which highlights our commitment to sustainability.”

**RUHAT ÜLGEN CENGİZ, GENERAL MANAGER,  
BERA ALANYA HOTEL**



CREDIT/UNSPLASH



*Balanced tourism is about attracting high-yield travelers—those who spend more, stay longer, and leave a positive footprint. When visitors choose locally owned hotels, dine at neighborhood restaurants, and buy from community artisans, they drive real economic value. That’s how tourism becomes a force for inclusive growth, not just volume.”*

**DR. JENS THRAENHART,**  
CO-FOUNDER, HIGH-YIELD TOURISM

## INNOVATION DEVELOPMENT

Advancements in AI and digital solutions are reshaping the travel industry, with personalized services, dynamic pricing, and resource optimization. Religious and heritage sites are adopting technology, including flying taxis for Hajj pilgrims and digital tools for site management. Payment innovations are expanding, with Saudi Arabia’s Nusuk Wallet for pilgrims, Thailand’s cryptocurrency payments, and the EU’s Identity Wallet for seamless travel.

### **AI and digital solutions are enhancing traveler experiences, streamlining operations, and modernizing tourism services.**

- Riyadh Air is implementing AI-driven solutions for dynamic pricing, personalized travel recommendations, and seamless check-in and boarding processes.<sup>327</sup>
- Malaysia Digital Economy Corporation (MDEC) has launched the Digital Tourism Innovation Lab to advance digital transformation in Malaysia’s tourism sector. The initiative fosters innovative solutions and strengthens the industry’s competitiveness through collaboration with tech and tourism stakeholders.<sup>328</sup>
- The Jordan Tourism Board incorporated artificial intelligence into its 2024 strategy to enhance the country’s tourism offerings. AI will be used to analyze traveler data, predict tourism trends, and provide personalized recommendations for visitors. It will also streamline marketing efforts, improve customer service through AI-powered chatbots, and optimize resources.<sup>329</sup>
- Saudi Arabia held hackathons to develop AI solutions for improving the Umrah experience. This initiative seeks to integrate cutting-edge technology into religious tourism, improving pilgrim services and logistics.<sup>330</sup>
- The Saudi Tourism Authority has introduced “Sara,” an AI-powered virtual travel companion. Currently in beta, it provides personalized trip planning and real-time assistance.<sup>331</sup>
- Qatar Airways has launched Sama 2.0, an AI-powered assistant that provides real-time support for booking,

check-in, flight status updates, seat selection, meal preferences, and travel requirements.<sup>332</sup> The airline has also introduced an AI-powered digital crew member on Instagram to engage with users and share insights about the airline’s services.<sup>333</sup>

- Abu Dhabi-based theme park, Miral, is using AI to personalize visitor experiences and optimize resource management, providing customized marketing promotions, predictive maintenance for rides, and optimized resource allocation.<sup>334</sup>

### **Religious and heritage sites are integrating technology to improve visitor experiences and accessibility.**

- Saudi Arabia plans to launch flying taxis to enhance the Hajj and Umrah experience, reducing congestion and improving transportation efficiency during peak seasons.<sup>335</sup>
- The Royal Commission for AlUla (RCU) has developed a digital strategy to modernize tourism while preserving the region’s heritage. The plan includes using technologies like virtual and augmented reality to enhance visitor experiences and digital tools to manage sites, promote sustainability, and protect AlUla’s archaeological and natural assets.<sup>336</sup>
- Zanzibar utilized crowd-mapping and mobile surveys to identify less-visited tourist attractions, providing data-driven insights for investors, policy-makers, and tour operators to support sustainable site development. The project, aimed at driving economic growth and supporting local communities, was a collaboration between UNDP Accelerator Lab, OpenMap Development Tanzania, and youth mappers from the State University of Zanzibar.<sup>337</sup>

### **New payment technologies are transforming financial accessibility and convenience in travel.**

- Saudi Arabia has introduced the Nusuk Wallet, a digital payment solution that enables pilgrims to manage expenses, make secure payments, and access services seamlessly during their visit. This initiative aligns with Vision 2030’s focus on leveraging technology to enhance religious tourism and provide a more convenient, efficient experience for millions of pilgrims.<sup>338</sup>
- Phuket, Thailand, has introduced cryptocurrency payment options to attract tech-savvy tourists. The initiative aims to modernize payment systems and cater to evolving traveler preferences.<sup>339</sup>
- The European Union introduced an Identity Wallet that will allow its citizens to securely store and share IDs, streamlining travel processes like bookings and border checks while ensuring data privacy. It aims to enhance cross-border mobility across member states.<sup>340</sup>

# SIGNALS OF OPPORTUNITIES



IMPACT: + Low \* Moderate \* High

MATURITY: ◻ Early ◻ Intermediate ◻ Mature

1

## Artificial intelligence is emerging as a key lever for competitive differentiation in travel, powering personalization, efficiency, and content innovation

Travel companies have started implementing AI technology to improve customer satisfaction through personalized recommendations; for operational efficiency in predicting demand patterns and optimizing efficiency; and in marketing, through content creation. For example, Delta Air Lines launched an AI-powered digital concierge tool that provides personalized contextualized insights to provide a seamless traveler experience.<sup>341</sup>

Impact \* Maturity ◻

3

## Saudi Arabia accelerates tourism sector transformation through bold capital deployment and foreign investment access

Saudi Arabia is driving a tourism revival through nearly US\$1 trillion in infrastructure and megaprojects like NEOM, the Red Sea Project, AMAALA, ALUla, and Qiddiya.<sup>344</sup> Mid-market hotel developments are also expanding along the Red Sea coast.<sup>345</sup> To boost religious tourism, the country opened real estate investment in Makkah and Madinah to foreign firms. In 2024, tourism sector private investment hit US\$3.8 billion, with foreign capital making up about 40%.<sup>346</sup>

Impact \* Maturity ◻

5

## Muslim hospitality as a brand

Hospitality brands are moving beyond generic international models to embrace Islamic cultural traditions. Shaza Hotels fuses Arabian heritage with modern luxury, while Türkiye's Bera Alanya Hotel reflects Islamic hospitality values. Saudi Arabia's PIF launched Adeera to create hotels rooted in Saudi traditions,<sup>350</sup> and the *Hafawa* campaign highlights the Kingdom's culture of generous hospitality. As demand for faith-aligned experiences grows, there's a clear opportunity to build authentic Muslim hospitality brands that reflect cultural and religious values.

Impact \* Maturity ◻

## Emerging post-conflict destinations, including Syria, Bangladesh, and Bosnia

After the fall of President Bashar al-Assad, airlines started resuming flights to Damascus, including Qatar Airways and Turkish Airlines.<sup>342</sup> Exiled Syrians have started returning with the intention of rebuilding the country. An estimated 125,000 Syrians returned, mainly from Türkiye, Jordan, and Lebanon.<sup>343</sup> Similarly, with the forced resignation of the Bangladesh Prime Minister, amid protests, expats may consider returning, as well as tourists. Bosnia, recovering from an older conflict, has seen a tourism revival.

Impact \* Maturity ◻

## Emerging markets like Indonesia, the Philippines, and Pakistan are evolving into key halal tourism hubs, fueled by targeted GCC investment

GCC countries are funding major projects in these destinations to boost infrastructure and meet rising Muslim-friendly travel demand. Notably, Eagle Hills (UAE) has embarked on a US\$ 3 billion initiative in Indonesia, enhancing the country's airports, hotels, and tourism infrastructure.<sup>347</sup> Qatar is investing in halal tourism in the Philippines<sup>348</sup>; while Saudi Arabia is working with Pakistan to develop its coastal areas for halal tourism.<sup>349</sup> These investments highlight the GCC's strategic capital deployment in shaping global travel destinations. These strategic partnerships position these markets as attractive, high-growth opportunities for investors and tourism businesses looking to capitalize on rising global demand for Muslim-friendly travel experiences.

Impact \* Maturity ◻



CREDIT/UNSPASH

# Strategic Considerations by Stakeholder

Emerging trends in the tourism sector highlight strategic opportunities for investors, governments, and businesses to drive growth and innovation. Investors can tap into the expanding demand for Islamic hospitality and invest in early-stage tourism infrastructure in post-conflict destinations. Governments have the potential to accelerate AI adoption in tourism and attract foreign direct investment (FDI) for large-scale projects. Businesses, meanwhile, can improve operational efficiency through AI-driven solutions and create differentiated offerings by developing culturally themed travel brands rooted in Islamic values. The following sections outline key areas where each stakeholder can capitalize on emerging trends and industry developments.

## INVESTORS

### OPPORTUNITIES

1

#### **Growth equity and strategic investments in Islamic and local culture-themed hospitality**

With a growing demand for culturally immersive experiences, growth equity investments in Islamic-branded hospitality chains present a strong upside potential. Strategic investors should partner with sovereign wealth funds and local developers to establish Islamic-themed hospitality brands that cater to both regional and international visitors.

#### **Relevant developments & precedents:**

- Saudi Arabia's Adeera Hotels focuses on authentically Saudi-branded hospitality, catering to the country's

growing tourism market.

- Shaza Hotels blends Islamic aesthetics with modern luxury, attracting affluent Muslim travelers.
- Bera Alanya Hotel in Türkiye has built a strong reputation on Islamic hospitality principles, demonstrating the demand for halal-certified, culturally immersive accommodations.

#### **Potential outcomes by 2035:**

- Exit opportunities through IPOs or strategic acquisitions, as global hospitality firms seek to acquire well-established Islamic hotel brands to capture the growing Muslim travel market.

## 2

### Infrastructure and real estate investments in post-conflict destinations

Post-conflict destinations such as Syria and Iraq offer early-stage investment opportunities in hospitality infrastructure, airports, and tourism transportation. Investors should pursue real estate development projects, hotel construction, and tourism-focused infrastructure investments to capitalize on recovery-driven growth.

A public-private investment approach, including joint ventures with local governments and development finance institutions (DFIs), will mitigate risk while enabling scalable, high-impact projects.

#### Relevant developments & precedents:

- Saudi Arabia and the UAE have been key investors

in Bosnia's tourism sector, funding infrastructure development as the country continues to rebuild from the devastation of the 1990s war.

- The Iraqi government is actively attracting investment in its tourism sector by offering hotel development projects to investors.
- The resumption of flights to Damascus signals growing market confidence, with Qatar Airways and Turkish Airlines reinstating services to Syria in 2025 after a long suspension.

#### Potential outcomes by 2035:

- Syria, Iraq, and Bangladesh will re-establish themselves as key religious and cultural tourism destinations, attracting millions of visitors annually and driving economic revitalization.

## CHALLENGES

## 1

### High capital barriers to entry in Saudi Arabia's tourism boom

Saudi Arabia's Vision 2030 has unlocked massive tourism investment opportunities, but mega-projects, luxury developments, and large-scale infrastructure require significant capital, making it difficult for small-to-medium investors to participate. Without structured entry points such as investment

funds, niche markets, or public-private partnerships, many investors may struggle to gain access to this high-growth market.

#### Risk:

- Limited participation for smaller investors could lead to concentration of market control among major players, reducing diversification and missing opportunities to develop mid-market tourism offerings.

## GOVERNMENTS

## OPPORTUNITIES

## 1

### Government initiatives to foster AI-driven tourism growth

Governments can accelerate AI adoption in tourism by developing supportive regulations, fostering public-private partnerships, and investing in AI-driven infrastructure. AI-powered tools – from predictive analytics to real-time personalization – are transforming travel, enhancing decision-making and visitor experiences.

To maximize impact, governments should offer AI incentives, invest in digital infrastructure, and collaborate with tech firms to integrate AI across tourism segments. Clear regulatory frameworks will be key to ensuring ethical AI use and data protection.

#### Relevant developments & precedents:

- The Jordan Tourism Board has incorporated AI into its national tourism strategy to enhance data analytics and visitor personalization.
- Saudi Arabia's AI hackathons have focused on improving the Umrah and Hajj experience through AI-driven solutions.
- Malaysia Digital Economy Corporation (MDEC) launched a Digital Tourism Innovation Lab, fostering AI-driven travel solutions to enhance visitor experiences.

#### Potential outcomes by 2035:

- AI-driven tourism ecosystems will be fully integrated, enabling seamless, real-time personalization for Muslim travelers across flights, hotels, halal dining, and religious tourism experiences.

2

### Positioning national tourism projects to attract global investment

Governments can unlock significant tourism potential by positioning their national tourism sectors as attractive destinations for global investors, including sovereign wealth funds, private equity firms, and multinational hospitality groups. By offering investment incentives, streamlining approval processes, and ensuring regulatory transparency, they can secure foreign direct investment (FDI) for large-scale tourism infrastructure projects.

#### Relevant developments & precedents:

- Saudi Arabia has invested in Pakistan's coastal tour-

ism projects, focusing on developing halal tourism to attract Middle Eastern visitors.

- Qatar is funding the Philippines' halal tourism sector, strengthening its global tourism investment portfolio.
- Dubai-based Eagle Hills is investing US\$ 3 billion in Indonesia to develop airports, hotels, and tourism infrastructure, boosting its Muslim-friendly travel sector.

#### Potential outcomes by 2035:

- Increased FDI in tourism infrastructure will drive economic growth and job creation in emerging travel destinations.

## CHALLENGES

1

### Ensuring local economies benefit from foreign investments

Foreign investment in large-scale tourism projects can drive economic growth, but without structured policies, it may benefit only foreign firms and high-net-worth stakeholders rather than local businesses and communities. Governments must establish clear guidelines, local hiring mandates, and

infrastructure reinvestment policies to ensure widespread economic benefits.

#### Risk:

- Overreliance on foreign capital without local economic integration may lead to limited job creation, wealth concentration, and economic leakage, weakening long-term sustainability.

“

*AI and financial technology must integrate in the payment sector to support travelers. Consumer economies across Asia Pacific are heavily focused on digital wallets and QR code payments, but most are localized and lack cross-border interoperability. Younger travelers, who are value-conscious, prefer mobile payments with instant currency conversion. Banks, central banks, and payment providers are collaborating to enhance seamless payment connectivity, a trend expected to grow in the next few years.”*

GARY BOWERMAN, FOUNDER & MANAGING DIRECTOR, ASIA TRAVEL RE:SET

OPPORTUNITIES

**1 Incorporate AI to enhance customer experience, deliver personalized marketing, and automate back-end processes**

AI-powered personalization, real-time data analytics, and automation can create more seamless and engaging experiences for Muslim travelers. Develop AI-powered customer service tools tailored for Muslim-friendly travel. Leverage predictive analytics to optimize demand forecasting, pricing, and travel trends. Collaborate with governments and AI startups to access funding, regulatory support, and emerging AI innovations in tourism.

**Relevant developments & precedents:**

- Qatar Airways' AI-powered Sama 2.0 delivers personalized customer engagement and operational efficiency.
- Economy Car Rentals Group implemented an AI model using Google Cloud's AI infrastructure to predict cancellations in real-time.

**Potential outcomes by 2035:**

- Increased revenue due to enhanced traveler satisfaction and retention, and cost savings through operational efficiency.

**2 Build authentic, culturally themed travel brands**

With growing demand for culturally immersive and faith-aligned travel experiences, businesses can differentiate their offerings by integrating local traditions, Islamic values, and regional aesthetics into their tourism and hospitality brands.

Develop culturally themed hotels, resorts, and travel experiences that reflect local heritage and Islamic traditions. Collaborate with artisans, cultural institutions, and historians to design authentic experiences.

**Relevant developments & precedents:**

- Saudi Arabia's QSAS (National Interactive Entertainment Company) is developing AI-driven immersive storytelling experiences that highlight Saudi heritage and Islamic history.
- The Royal Commission for AlUla is creating archaeological and heritage-based experiences, integrating digital technology to enhance visitor engagement.

**Potential outcomes by 2035:**

Businesses investing in Islamic hospitality and cultural tourism will benefit from stronger brand differentiation.

CHALLENGES

**1 Meeting rising traveler expectations for customization and efficiency**

Today's travelers expect seamless and hyper-personalized experiences in hotel stays, transportation, and itinerary planning. Companies that fail to integrate smart solutions and digital convenience

risk losing market share to competitors that prioritize tech-driven travel experiences.

**Risk:**

Slow adoption of AI and digital solutions may result in reduced customer loyalty and competitive disadvantages, making it harder for brands to differentiate themselves.



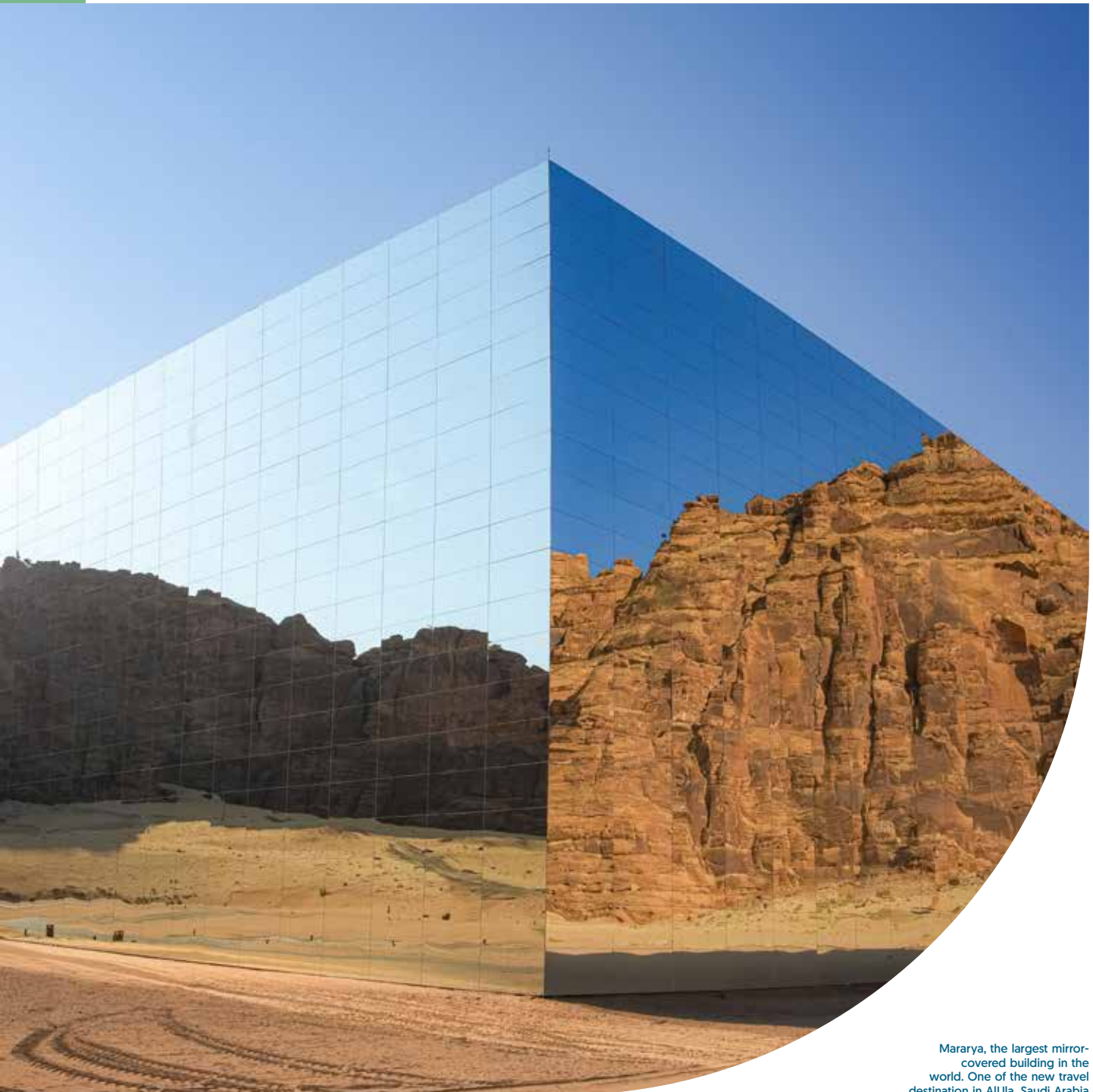
*AI will drive hyper-personalization, making travel experiences more tailored to individual preferences, from recommendations to customized upgrades, translation abilities, and operational efficiency."*

**ABD ELMOHAIMEN MANSI, CO-FOUNDER, SEERU**

“

*For us, everyone who enters through the door is a guest, not a customer. The monetary relationship ends at the point of check-in, and after that, it becomes about hospitality. We believe that by welcoming guests with the same warmth as in our own homes, we elevate their experience and the brand's reputation.”*

**RUHAT ÜLGEN CENGİZ, GENERAL MANAGER, BERA ALANYA HOTEL**



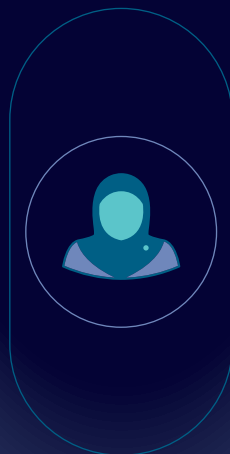
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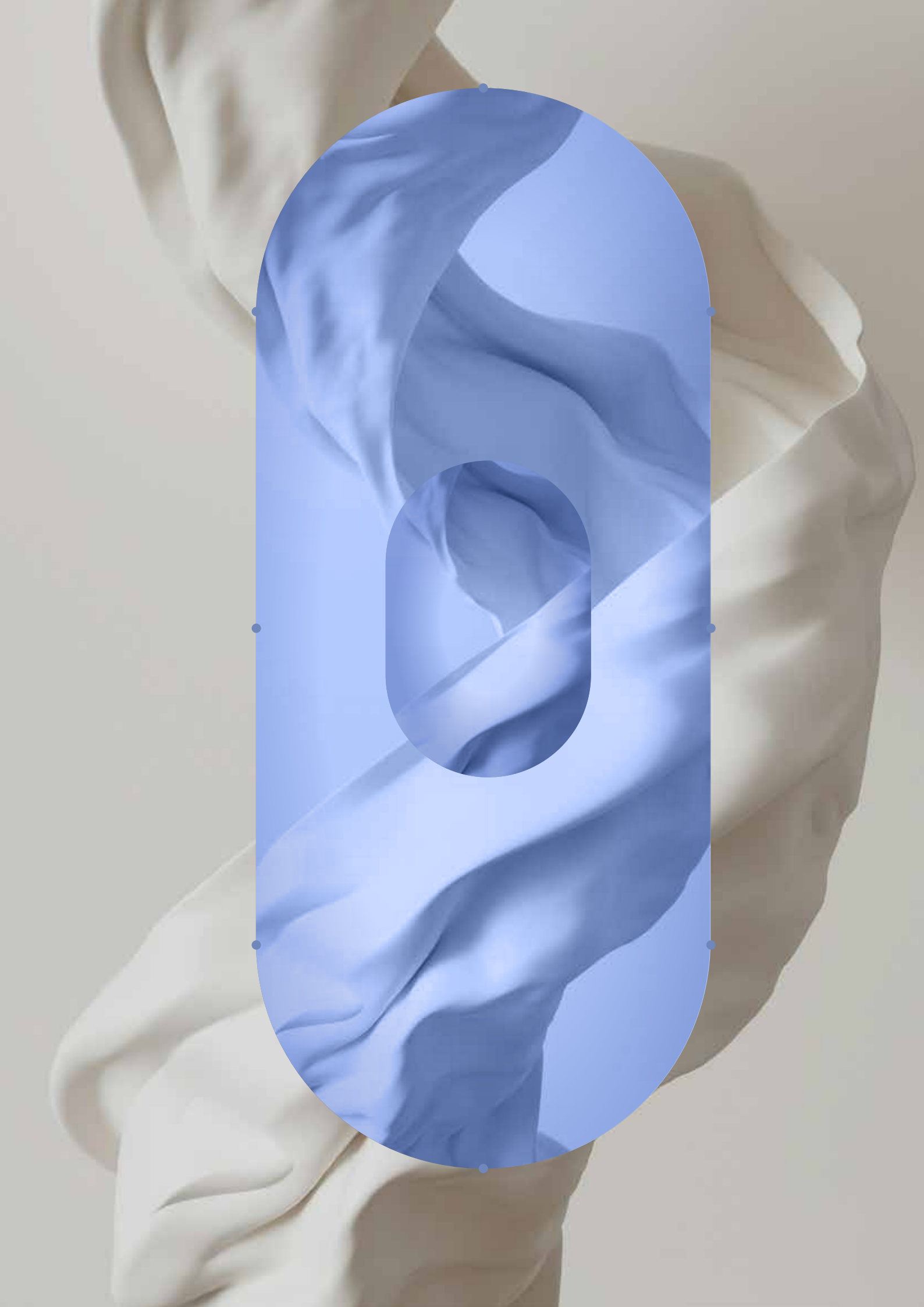
Mararya, the largest mirror-covered building in the world. One of the new travel destinations in AlUla, Saudi Arabia

CHAPTER

8

**MODEST  
FASHION**









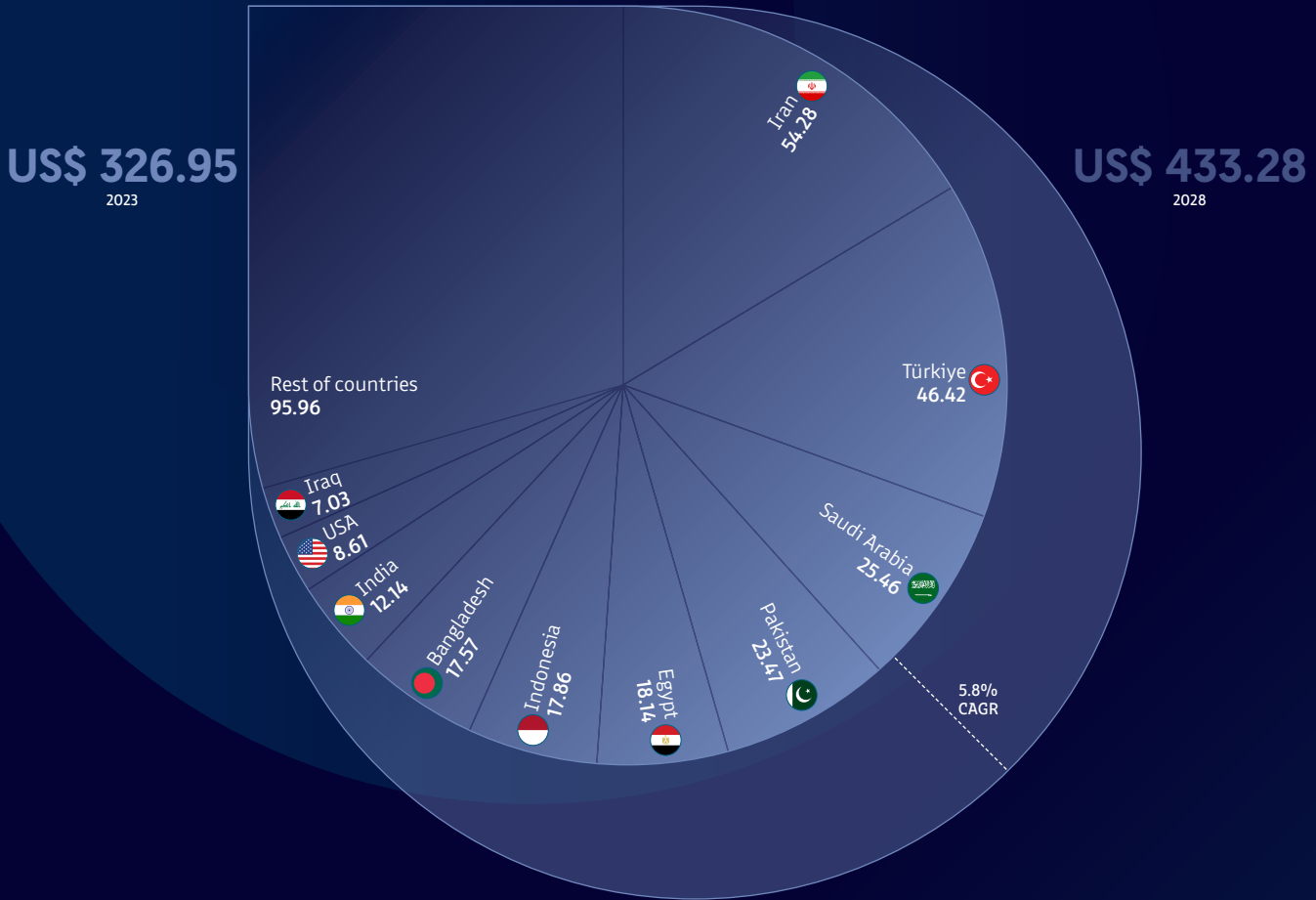


# MODEST FASHION

ALL FIGURES IN US\$ BILLIONS, UNLESS STATED OTHERWISE

## CONSUMER OPPORTUNITY

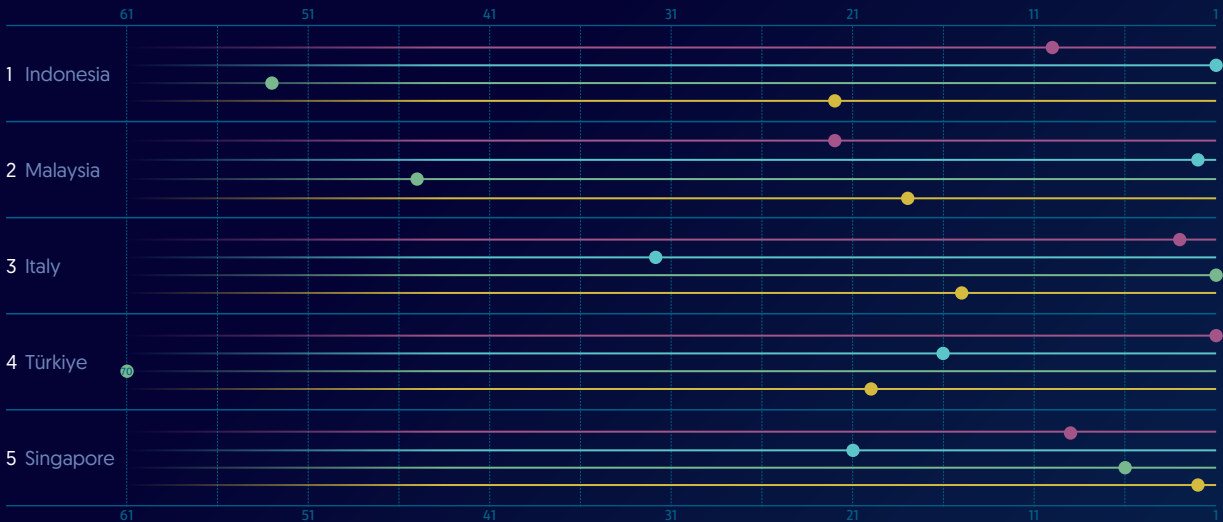
Represented by **US\$ 326.95 billion** of consumer spending by **2 billion Muslims** on modest fashion (2023). Reaching **US\$ 433.28 billion** by 2028 [5.8% CAGR].



## GOVERNMENT LEADERSHIP

Financial Awareness Social Innovation

### MODEST FASHION - GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2024)



## INVESTMENT & TRADE DRIVERS

Modest fashion imports are set to grow to US\$ 63.8 billion by 2028, at a CAGR of 7.7%

US\$ BILLION (2023)

Thickness is proportional to the value

### TOP 5 OIC IMPORTERS

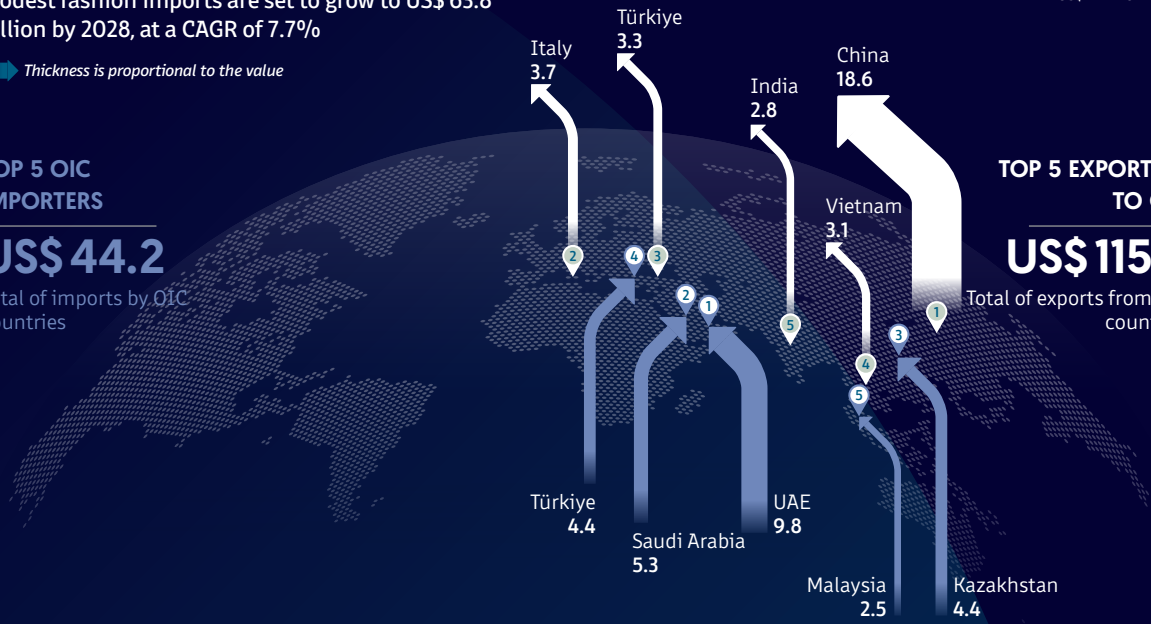
**US\$ 44.2**

Total of imports by OIC countries

### TOP 5 EXPORTERS TO OIC

**US\$ 115.5**

Total of exports from OIC countries



### INVESTMENTS

**US\$ 300 thousands**

Disclosed value for all 2 deals

Top countries by total deal value and number of deals

US\$ THOUSANDS (2023/24)

● = 1 deal

**300**  
Lebanon

### KEY DEVELOPMENTS

- Indonesia's Global Halal Fashion scheme certifies textiles and promotes designers abroad.
- Riyadh Fashion Week spotlights modestwear, backing Saudi's 230K fashion-jobs goal.
- Lara Active launches burkini line on the New York Fashion Week runway.
- EU circular-economy rules force textile collection by 2026, raising sustainability stakes.
- Saudi fashion-show guidelines requires respect for public taste and limited exposure.

### SIGNALS OF OPPORTUNITIES

IMPACT: + Low \* Moderate \* High



\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2023 data. Projections are baselined on data from IMF Outlook from October 2024. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from August 2023 to July 2024. See appendix for detailed methodology. OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.



The global modest fashion industry is experiencing significant growth, with Muslim consumer spending on apparel and footwear reaching US\$ 327 billion in 2023, marking a 3% increase from the previous year. This figure is projected to rise to US\$ 433 billion by 2028 at a CAGR of 5.8%. Iran, Türkiye, and Saudi Arabia lead in Muslim consumer spending on apparel, while OIC-based modest clothing businesses continue to expand internationally, attracting global brands to enter these markets. Innovation is also shaping the sector, with new products like hijab jewelry, 3D-printed hijab undercaps, and modest medical scrubs gaining traction. Modest activewear remains in high demand, and Ramadan collections continue to be a key focus for mainstream brands.

Social commerce is thriving, particularly in Asia, where platforms like Shopee Live and TikTok Shop are reshaping consumer engagement and showing potential for growth in the US and Europe. Premium modest clothing brands are leveraging experiential marketing to enhance brand engagement, while the second-hand clothing market is expanding due to sustainability concerns and evolving consumer preferences. Global supply chain disruptions are prompting retailers to reconsider sourcing strategies, with some moving away from Chinese suppliers.

The rise of modest fashion is evident in the increasing number of dedicated fashion weeks and events worldwide. Indonesia is positioning itself as a global modest fashion hub, and bilateral showcases between OIC nations are strengthening trade relations. The presence of modest fashion in mainstream fashion weeks further underscores its growing influence. Meanwhile, incubators, conferences, and training programs are enhancing business knowledge in the sector. Social media, particularly TikTok, is driving trends and increasing the visibility of modest clothing stylists and influencers. However, challenges remain, including hijab bans in some countries and ongoing concerns over Islamophobia.

Innovation is playing a crucial role in the industry's

evolution, with AI enhancing customer engagement and personalization. Sustainable textile innovation is advancing, with new eco-friendly materials improving comfort and functionality. These developments present multiple opportunities, such as leveraging AI tools to enhance marketing, expanding sourcing beyond China, and addressing the demand for modest sportswear that meets regulatory requirements. Additionally, premium brands can benefit from interactive branding events, and the role of modest fashion stylists in shaping brand identities is becoming increasingly vital.

To sustain growth, stakeholders must take strategic action. Investors should focus on developing clothing manufacturing industries within OIC countries and supporting sustainable textile innovation. Governments can drive progress through incentives such as Production-Linked Incentive (PLI) schemes and tax reductions on sustainable apparel. Businesses should adopt AI-driven marketing strategies, explore alternative sourcing, invest in modest sportswear, and recognize the growing influence of modest fashion stylists. By addressing challenges and capitalizing on emerging opportunities, the modest fashion sector can achieve sustainable and inclusive development, solidifying its role as a dynamic force in the global fashion industry.

# Sector Developments (2023/24)

## REVENUE DEVELOPMENTS

Modest fashion continues to evolve, with brands expanding into new markets and exploring innovative product categories. Both OIC-based and international companies are investing in modest clothing, luxury collections, and seasonal campaigns. Activewear and functional modest wear are seeing increased attention, with new designs catering to performance and everyday needs. Strategic partnerships are also driving growth, supporting local talent and enhancing market understanding.

### Latest projections

Muslim consumer spending on apparel and footwear grew by 3% to US\$ 327 billion, from US\$ 318 billion in 2022. Iran holds the top spot, with Türkiye and Saudi Arabia maintaining their second and third ranks, respectively. Forecasts indicate spending will reach US\$ 433 billion by 2028, growing at a CAGR of 5.8%.

*Note: This does not represent the actual value of modest fashion consumption. It represents the core addressable Muslim consumer market spending in the apparel category.*

### Updates on revenue developments

**OIC-based modest clothing businesses are excelling and expanding internationally, while international companies are also seeing the opportunity to expand into the OIC markets.**

- Saudi Arabian brand Leem opened its first permanent store in Westfield, UK, after successfully hosting a pop-up in the center through 2023.<sup>351</sup>
- UAE-based modest clothing brand Elaf Al Dubai

launched in Dhaka, Bangladesh.<sup>352</sup>

- After great success with their debut modest-inspired collection last year, Club L London is launching a dedicated UAE website. Club L experienced a 57% increase in total Middle Eastern trade in 2023 compared to 2022.<sup>353</sup>
- Modest clothing brand house Modinity Group was named Asia's Best Performing company in 2024 at the ACES awards. They were the only fashion group among the winners and the first Indonesian company to achieve this award.<sup>354</sup>
- Al Shaya group is in talks with international fashion retailer Primark to explore opportunities to bring its stores to the Middle East.<sup>355</sup>
- Dolce and Gabbana opened a 2,000-square-meter flagship brand center in Saudi Arabia's Diriyah historic region. The store includes a café, the first in the GCC, and will feature an exclusive abaya collection.<sup>356</sup>

**New products continue to be developed to meet the needs of the modest clothing consumer. Utility modest wear continues to be an area with significant developments.**

- Bakshish, a Bangladesh-based brand, specializes in hijab jewelry, offering belts, brooches, and rings to enhance hijab styling. This emerging niche presents significant opportunities for innovation and new entrants.<sup>357</sup>
- Taj Hijab Crown, designed in the USA, is a 3D-printed hijab undercap, designed to be more comfortable and effective than other conventional undercaps.<sup>358</sup>
- Hawraa Sabra, a pediatric ICU nurse in Detroit, USA, founded Avicenna Scrubs, which offers modest medical scrubs.<sup>359</sup>
- USA-based Henna and Hijabs collaborated with Amazon to design hijabs in accordance with ware-

## Investment summary

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ 000s)
Lebanon	VC	FabricAid	300
Egypt	VC	EI-Outlet ED	undisclosed

house safety regulations for their employees in Brooklyn Park and Detroit, with the goal of offering hijabs to Amazon employees around the world.<sup>360</sup>

### **Modest activewear remains in high demand, with new brands emerging and mainstream brands showing significant interest in the segment.**

- UK heritage cycling brand Rapha worked for four years with Muslim women's cycling group Cycle Sisters to design a cycling hijab, a long jersey, and a pair of padded cycling trousers suitable for Muslim cyclists.<sup>361 362</sup>
- New modest activewear brands, Kuwait-based Qynda and USA-based UpLift, were launched.<sup>363 364</sup>
- Mainstream activewear brands, Sweaty Betty and GymShark, launched sports hijabs.<sup>365 366</sup>
- Franco-Malian artist Emile-Samory Fofana collaborated with Adidas to design a 'functional football gamis'.<sup>367</sup>
- The Saudi Fashion Commission signed a memorandum of understanding with Adidas in London to support Saudi designers to develop their skills through training programs at Adidas and collaborate in a comprehensive research project to understand the needs of Saudi consumers, with a special focus on women's sportswear.<sup>368</sup>

### **Ramadan collections remain the most prominent approach for mainstream brands to offer modest clothing options or dedicated modest clothing lines.**

- Indian womenswear brand Papa Don't Preach by Shubhika launched an exclusive modest wear collection at multi-brand South Asian fashion boutique Bibi London in time for Eid.<sup>369</sup>
- Leading global luxury platform Farfetch released an exclusive modest clothing capsule collection for Ramadan featuring pieces from 30 regional and international designers, only available on the Farfetch website.<sup>370</sup>
- British shoemaker Dune London collaborated with Dubai-based influencer Deema Al Asadi for its Ramadan collection.<sup>371</sup>
- Luxury German brand MCM launched its inaugural Ramadan collection in stores across Dubai, Kuwait, London, Germany, Korea, Malaysia, and Singapore.<sup>372</sup>
- Olivia Von Halle launched its first-ever Ramadan collection titled 'The Modest Edit'.<sup>373</sup>
- With Ramadan marketing nearing saturation in Dubai, brands are exploring new strategies and venues across Gulf cities like Riyadh, Abu Dhabi, and Kuwait City, focusing on localized campaigns and events.<sup>374</sup>

## **OPERATIONAL DEVELOPMENTS**

Social commerce is rapidly evolving, with platforms like Shopee Live and TikTok Shop driving engagement and

sales, particularly in Asia. Experiential marketing is gaining traction among premium modest fashion brands, enhancing brand appeal through immersive pop-ups and events.

The second-hand clothing market is expanding, fueled by sustainability concerns and shifting consumer mindsets, with notable growth in Senegal, Indonesia, and Pakistan. Meanwhile, global supply chains face renewed disruptions due to geopolitical instability, impacting sourcing strategies. Retailers are adjusting, with many shifting away from Chinese suppliers in response to tariffs, logistics delays, and evolving trade policies.

### **Social commerce is thriving in Asian countries and has significant potential for the US and Europe.**

- Shopee Live in Malaysia recorded a more than 6.5-fold increase in sales during the 9.9 Super Shopping Day event, driving nearly 100 million user interactions through livestreams, game shows, and exclusive deals, resulting in higher sales and stronger engagement.<sup>375</sup>
- Muslim fashion on TikTok Shop reached US\$ 506 million in sales and 96.92 million products sold in 2023/24, with 95% of sales coming from Southeast Asia. TikTok Shop launched in the US and UK in 2023 and has since generated over US\$ 1.4 billion in gross merchandising value.<sup>376</sup>
- TikTok Shop relaunched in Indonesia on December 11, 2023, integrating with Tokopedia's system to comply with Indonesian regulations. TikTok acquired a majority stake in Tokopedia for US\$ 840 million, expanding the marketplace from six million to 23 million merchants, enabling seamless operations between TikTok Shop and Tokopedia.<sup>377</sup>

### **Premium modest clothing brands have used experiential marketing events to showcase their lifestyle appeal, creating significant social media buzz and enhancing brand engagement.**

- ButtonScarves hosted the Tropical Paradise pop-up, featuring a store, lounge, and beachside restaurant collaboration. At their Singapore pop-up store, they partnered with One Dollar Ice Cream, showcasing a design with their monogram. Visitors also had photo opportunities with the ButtonScarves mascot.<sup>378 379</sup>
- Dutch brand Merrachi created the Merrachi Exhibition in Amsterdam, which featured a café and gallery-style set-up featuring pictures, videos, and samples of the latest collection; a behind-the-scenes view of the production process, and multiple photo opportunities for customers. Customers could also have a color analysis done to find the hijab colors that best suited them.<sup>380</sup>
- ZALORA won the Marketing Initiative of the Year – Malaysia award at the Retail Asia Awards 2024 for ZALORAYA, featuring a virtual fitting room, 3D mapping tunnel, a dramatic two-level stage, real-time shopping integration, and a star-studded event that achieved six million social media reach and boosted sales.<sup>381</sup>



### Consumers are embracing purchasing pre-owned clothing in markets like Senegal, Indonesia, and Pakistan.

- A study by ThredUp and GlobalData projects the global second-hand market to grow 126% by 2026. Around 62% of Millennials and Gen Z seek second-hand options, driven by sustainability, cost concerns, and increased online accessibility.<sup>382</sup>
- Several second-hand marketplaces and online platforms like HuntStreet, Tinkerlust, and The VV have emerged in Indonesia as consumer mindsets shifted away from associating thrift shopping with financial difficulties.<sup>383</sup>
- Many Senegalese purchased second-hand traditional wear for the Tabaski, or Eid, celebration. Seynabou Sarr, a second-hand store, grew significantly since opening a physical store in 2022, after starting online in 2018, and now has 80,000 TikTok followers.<sup>384</sup>
- Pakistani second-hand sneaker online platform Swag Kicks raised US\$ 1.2 million in seed funding in early 2023. The platform has 135,000 followers across TikTok, Instagram, and Facebook.<sup>385</sup>

### After just recovering from the effects of COVID-19, global supply chains are once again placed in a volatile position due to political uncertainty and the turmoil in the Middle East. Clothing retailers have also been affected, and some are moving away from Chinese suppliers.

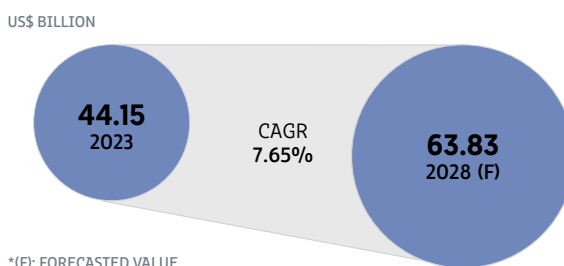
- Following Donald Trump's election, US clothing brands anticipated significant tariffs on Chinese goods. Steve Madden, which sourced 79% of its products from China, announced plans to reduce sourcing. A U.S. Fashion Industry Association survey revealed 80% of fashion executives plan to decrease sourcing from China in the next two years.<sup>386 387</sup>
- Attacks on cargo ships in the Red Sea have caused 10–12-day shipment delays for European retailers, leading to shorter lead times and supply chain bottlenecks. Air freight is not a viable alternative due to high demand from Chinese retailers like Shein and Temu.<sup>388</sup>

## NATIONAL/TRADE DEVELOPMENTS

Dedicated modest fashion weeks and events are emerging, alongside the continued growth and evolution of established annual Modest Fashion gatherings. Indonesia continues to strive to become the global leader in modest fashion through government-backed programs, export growth, and international showcases. Modest fashion continues to gain traction in mainstream fashion weeks, with brands from diverse regions like the Middle East, Southeast Asia, and Australia presenting collections in major cities such as London, Paris, and New York, reflecting the sector's expanding influence and integration into the global fashion landscape.

Total OIC fashion imports amounted to US\$ 44.15 billion in 2023, marking an 8.58% increase from US\$ 40.36 billion

### OIC MODEST FASHION IMPORTS AND GROWTH [2023-2028]



in 2022. The largest products imported are knitted clothing (36.97%), followed by non-knitted clothing (33.91%).

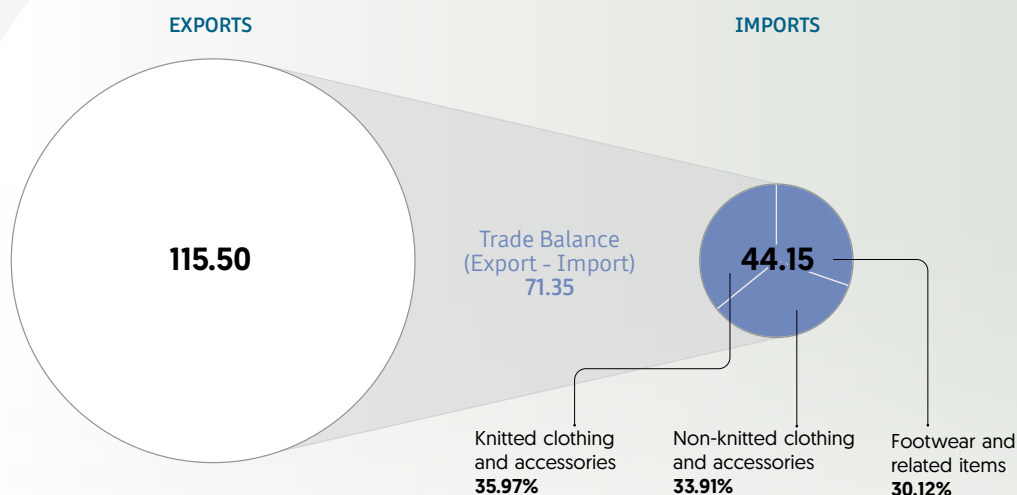
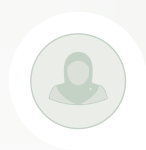
The UAE leads as the largest importer, with US\$ 9.78 billion, nearly twice the amount of Saudi Arabia's imports, which ranks second. Kazakhstan follows as the third-largest importer. As a fashion hub in the Gulf, the UAE re-exports a significant share of its imports to neighboring Gulf countries. Saudi Arabia and Kazakhstan are witnessing growing demand, driven by their large populations, the rise of e-commerce, and innovation in modest fashion. OIC fashion imports are projected to rise to US\$ 63.83 billion by 2028, with a CAGR of 7.65%.

Unlike halal food, pharmaceuticals, and cosmetics, fashion is the only category where OIC countries maintain a trade surplus. In 2022, this surplus reached US\$ 71.35 billion. Five OIC countries were among the top ten fashion exporters to the OIC: Türkiye, Bangladesh, Indonesia, the UAE, and Pakistan. A key driver of this surplus is the availability of low-cost labor, particularly in Bangladesh, Indonesia, and Pakistan. These countries support both the upstream and downstream segments of the fashion supply chain. Additionally, creative talent and the adoption of technology are enhancing their export competitiveness.

Although some OIC countries rank among the top exporters, China remains the largest exporter to the OIC, with fashion exports totaling US\$ 18.54 billion in 2022. It supplies a significant share of modest fashion products, including headscarves, abayas, and even keffiyehs. Amid rising demand during the peak of the Gaza conflict, around 70% of keffiyehs were reportedly produced in Zhentou, a town in Shaoxing's Wujiang district.<sup>389</sup> China's production capability is increasingly enabled by digital supply chains. As of May 2025, Similarweb data shows that Shein is one of the top three most-used shopping platforms in both Saudi Arabia and the UAE. The Chinese digital cross-border fashion retailer's popularity highlights China's growing influence in the region's fashion market.

# Modest Fashion Trade

US\$ BILLION (2023)



## TOP EXPORTERS TO OIC

US\$ BILLION (2023)

<b>China</b>	<b>18.64</b>
Italy	3.69
<b>Türkiye</b>	<b>3.33</b>
Vietnam	3.09
India	2.80
Bangladesh	2.27
<b>Indonesia</b>	<b>0.99</b>
Cambodia	0.76
United Arab Emirates	0.71
Pakistan	0.57

■ OIC countries

## TOP OIC IMPORTERS

US\$ BILLION (2023)

<b>United Arab Emirates</b>	<b>9.78</b>
Saudi Arabia	5.28
Kazakhstan	4.42
Türkiye	4.37
Malaysia	2.48
Iraq	2.15
Kuwait	1.87
Indonesia	1.51
Algeria	1.17
Qatar	1.05

**New dedicated modest fashion weeks and events are emerging, while existing annual modest fashion events continue, growing and evolving with each edition.**

- Riyadh Fashion Week debuted, featuring a blend of local and international designers focused on modest fashion. The event, organized by the Saudi Fashion Commission, is part of efforts to develop the local fashion industry and create 230,000 jobs.<sup>390</sup>
- Tokyo Muslim Fashion Week returned. Indonesian designer Irna Mutiara was featured in the line-up.<sup>391</sup>
- The inaugural Modest Fashion Week Brussels was held, featuring The Designer's Showroom, where attendees can discover and shop the designers' products, and an Ultra VIP and Exclusive Fashion Show.<sup>392</sup>
- The Islamic Fashion Festival was held in Pahang, Malaysia, featuring 100 costumes from 10 designers from Malaysia and Indonesia.<sup>393</sup>
- In Iran, Tehran Fashion Week coincided with the 12th Fajr Fashion and Clothing Festival, featuring over 22

workshops nationwide to help local designers incorporate Iranian-Islamic design principles, including color, patterns, and motifs.<sup>394, 395</sup>

- The Malaysia Modest Fashion Show was held as part of the 20th Malaysia International Halal Showcase (MIHAS) and featured designers from Malaysia, Indonesia, UAE, and Morocco.<sup>396</sup>
- The 9th edition of Modest Fashion Week was held in Istanbul, featuring modest clothing brands from Türkiye, the Middle East, Indonesia, Pakistan, South Africa, the US, and Australia.<sup>397, 398</sup>
- Modest Fashion Day was held as part of the 15<sup>th</sup> anniversary of the Kazan Summit in Russia.<sup>399</sup>

**Bilateral modest clothing showcases between OIC nations have become a popular avenue for strengthening trade relations and promoting local modest clothing brands.**

- The Malaysia Tourism Agency Association (MATA) and Indonesia Halal Lifestyle Center hosted the



CREDIT/SHUTTERSTOCK

International Minang Food & Fashion Festival 2024, alongside AITEX 2024, celebrating modest clothing and halal heritage while strengthening Malaysia-Indonesia collaboration.<sup>400</sup>

- The 6th Showcase Malaysia, organized by BMCCI, was held in Dhaka to strengthen bilateral relations between Bangladesh and Malaysia, featuring a modest clothing show by Malaysian designers.<sup>401</sup>

**Indonesia continues to strive towards being the global modest clothing hub, hosting multiple showcases locally and internationally, as well as introducing several government-backed initiatives to strengthen the Indonesian modest clothing offering.**

- Jakarta Muslim Fashion Week 2025 secured potential transactions worth US\$ 20.4 million, with 239 brands and over 1,000 collections participating. The event, supported by the Ministry of Trade and the Indonesian Chamber of Commerce, featured a business matching platform.<sup>402 403</sup>
- Bank Indonesia reported that modest clothing exports from January to July 2024 reached US\$ 632.76 million, a 3.38% year-on-year increase.<sup>404</sup>
- October was declared Modest Fashion Month by the Ministry of Cooperatives and SMEs, coinciding with major events like JMFW and IN2MF.<sup>405</sup>
- The Indonesia International Modest Fashion Festival (IN2MOTIONFEST) was showcased at Front Row Paris 2023 at Porte de Versailles, Paris, integrating with the global trade fair Who's Next. It was also held in Kuala Lumpur.<sup>406 407 408</sup>
- The Association of Indonesian Citizens in Victoria (PERWIRA), Australia, hosted an Indonesian Modest Fashion Week in Melbourne for the second time.<sup>409</sup>
- The Amazing Indonesia Trade Expo in Jeddah, organized by the Indonesian consulate, promoted Indonesian products, including modest clothing brands like Inabee Mukena, to the Saudi Arabian market.<sup>410</sup>
- The Ministry of Religious Affairs launched the Indonesia Global Halal Fashion initiative, aiming to position Indonesia as a global halal fashion hub. The initiative promotes certified halal textiles and showcases Indonesian Muslim fashion at international events, with ten designers featuring traditional fabrics like Batik, Ikat, and Songket.<sup>411 412</sup>
- The Ministry of Industry introduced the Indonesia Melangkah program to boost the competitiveness of over 60,000 SMME footwear industries.<sup>413</sup>
- Indonesian rayon textile producer APR collaborated with six local designers for collections for MUFFEST+.<sup>414</sup>
- President Joko Widodo inaugurated the Amanah Youth Creative Hub in Aceh, supporting MSMEs in seven sectors, including modest clothing, with facilities like studios and workshops.<sup>415</sup>
- With mandatory halal compliance for clothing set for October 2026, BPIPH launched the Indonesia Global Halal Forum (IGHF) to promote halal fabrics,

strengthen the value chain, and support sustainable fashion.<sup>416</sup>

**Several modest clothing labels were showcased in major mainstream international fashion weeks in London and Paris**

- Saudi-based design house ArAm Designs presented their collection of luxury abayas, loungewear, and evening gowns at London Fashion Week as part of a partnership between the British Fashion Council and Film AIUla, under the banner AIUla Creates.<sup>417</sup>
- Indonesia-based ButtonScarves was the first Indonesian brand in the Ethereal Escapades collection at Kuala Lumpur Fashion Week and also showcased at Dubai Fashion Week alongside sister brand Benang Jurum.<sup>418 419</sup>
- Modest clothing brands from Malaysia, Indonesia, Qatar, and Egypt were showcased at the BRICS+ Fashion Summit in Moscow, Russia, which was held in parallel with Moscow Fashion Week.<sup>420 421 422</sup>
- UAE-based Lara Active debuted its burkini line at New York Fashion Week.<sup>423</sup>
- Australian brand Asiyam showed for the second time at Australian Fashion Week.<sup>424</sup>
- Measure, a modest clothing brand from the Dagestan region in Russia, showed its Toi collection at the Lakme Fashion Week in Mumbai, India.<sup>425</sup>
- Luxury demi-couture modest clothing label Sabirah by Deborah Latouche was shown at London Fashion Week.<sup>426</sup>

## ECOSYSTEM DEVELOPMENTS

Incubators, training programs, and conferences are essential for growing the modest clothing sector. Social media platforms, particularly TikTok, are crucial in driving trends and popularizing styles like abayas and thobes, also leading to the rise of new professions like modest clothing stylists and influencers. Hijab bans continue to be a focus for some countries, including Muslim-majority countries. Sustainability is becoming a focus, with the EU, US, and major manufacturing hubs adopting eco-friendly practices and regulations to meet global standards.

**Modest clothing incubators, conferences, and training programs are focusing on improving business knowledge for modest clothing industry players.**

- Luxury modest clothing brand DWL was accepted into the Scale7 Fashion Accelerator program funded by Qatar Development Bank (QDB). The program is the first fashion and design incubator in Qatar, founded in 2021.<sup>427</sup>
- The Modest Fashion & Womenpreneur Summit 2024 in Kuala Lumpur focused on empowering women entrepreneurs. It featured influential speakers, collaborated with eight global partners, and covered key business and fashion insights.<sup>428</sup>
- AlHuda Centre of Modest Fashion (CMF) in the UAE

launched the four-month-long, online Executive Diploma in Modest Fashion program.<sup>429</sup>

- The 3rd PINTU Incubator Program will have 20 French fashion experts mentor five Indonesian modest clothing designers. Two designers will attend the *Premiere Classe* trade show at Paris Fashion Week and receive a six-month scholarship at *École Duperré Paris*.<sup>430</sup>
- Prof. Hina Tayyaba of PIFD, with support from Pakistan's Federal Minister, introduced a "Design Centre Concept" to boost the country's fashion industry through education, research, and development, aiming to enhance global competitiveness and promote exports.<sup>431</sup>

**Social media platforms, especially TikTok, have had a significant impact on the popularity of modest clothing as well as the trends arising related to specific styles within it.**

- Consumers are now discovering new brands as much through social media as they are through search engines, with 38% and 37% of customers utilizing these methods, respectively.<sup>432</sup>
- Abayas are gaining popularity in the UK, with brands like Sumayah, boasting 200,000 TikTok followers, leading the trend. Social media platforms, including TikTok and Instagram, have helped make abayas more mainstream through influencers and hashtags like #abayastyle and #abayafashion. Similarly, thobes, once worn only for religious events, are now embraced as everyday wear, with growing styling content on social media driving their appeal among second- and third-generation British Muslims.<sup>433 434</sup>
- Saeedah Haque from the UK went viral on TikTok after sharing her Hoodie Abaya design, gaining 200,000 followers and six million likes. She launched a limited Nike By You collection and sold out all five original collections on her online store within minutes of going live.<sup>435</sup>

**The growth of the modest clothing industry echoes in the growth of professions such as modest clothing stylists and modest clothing influencers, with special training and networking platforms emerging.**

- Malaysia's first and largest influencer platform, GoFluence, was launched during the Malaysia Modest Fashion Showcase at MIHAS 2024. 45,000 influencers and 4,000 brands are registered on the platform.<sup>436</sup>
- Malaysia-based PIZZASCARF has trained over 100 hijab stylists since its launch in 2018. Stylists undergo a two-day training course and can move up to more skilled levels based on the number of clients they have styled.<sup>437</sup>

**Regulation related to modest clothing is largely related to hijab bans in several countries.**

- New guidelines for hosting fashion shows in Saudi Arabia include ensuring they respect public taste, avoiding excessive exposure of models' body parts, and prohibiting the display of public figures' images.

Fashion shows are also banned in Makkah and Madinah.<sup>438</sup>

- The parliament of Tajikistan signed into law a bill outlawing hijab, identifying it as a threat to the ancestral values and culture of Tajikistan.<sup>439</sup>
- The hijab ban in educational institutes in the Indian state of Karnataka was lifted.

**Regulations to promote sustainability in the fashion sector are being rolled out strongly in the EU and some US states. Other international clothing manufacturing hubs are also implementing sustainable practices to comply with the sustainability regulations of buyers' countries.**

- By 2026, the EU will require textiles and shoes to be separated from other waste. Brands like Inditex, H&M, Decathlon, Ikea, and Primark are participating in a voluntary pilot scheme ahead of the law's formal implementation.<sup>440</sup>
- In the US state of California, all clothing retailers must set up a system for customers to return their clothes for recycling.<sup>441</sup>
- Bangladesh is home to 60 of the top 100 highest-rated factories certified by LEED globally. Recently, Saadatia Sweaters Ltd and Executive Greentex Ltd received their LEED certification, bringing the total number of green factories in Bangladesh to 226.<sup>442</sup>
- The ILO and Türkiye's EkoDoku Women Sustainable Living Cooperative have launched an initiative in Türkiye to promote eco-friendly textiles, raise awareness about fast fashion, and create formal green job opportunities through nature-based solutions and sustainable practices.<sup>443</sup>
- Vinatex, the Vietnam National Textile and Garment Group, is adopting carbon reduction measures, including assessing product lifecycle carbon footprints and advancing a green, circular production strategy. They have achieved a 2% reduction in electricity consumption per product unit compared to 2022. However, many Vietnamese textile exporters, especially small and medium enterprises, face challenges meeting green standards due to high conversion costs and long transition periods.<sup>444</sup>

## SOCIAL IMPACT DEVELOPMENTS

Women's sports are gaining global prominence, leading to greater participation, especially among Muslim women athletes, who are benefiting from the rise of modest sportswear and tailored facilities. However, hijab bans at various sporting levels have excluded some athletes. This shift is evident with historical moments like Nouhaila Benzina wearing a hijab at the World Cup and athletes like Sifan Hassan making statements of personal identity. Despite increasing visibility, hijab-wearing women still face Islamophobia, with incidents rising post-Gaza war. The backlash also affected brands like Puma and Zara, who faced boycotts, particularly in Muslim-majority markets.



CREDIT/SHUTTERSTOCK

**Women's sports are gaining increased prominence on the global stage, inspiring more women to participate. This growing visibility has also driven the rise of modest sportswear for Muslim women athletes, as well as the expansion of sporting events and facilities tailored to their needs. However, hijab bans at a country or sporting code level have left some professional Muslim athletes excluded from major sporting events.**

- England's largest Muslim women's sports charity, the Muslimah Sports Association (MSA), conducted a survey revealing that 97% of British Muslim women expressed a desire to increase their participation in sports, while 37% reported not being involved in any sports or physical activities.<sup>445</sup>
- Moroccan football player Nouhaila Benzina made history as the first player to wear a hijab at the World Cup.<sup>446</sup>

- Hijab-wearing athletes on the French Olympic team were banned from wearing the hijab, while athletes from other countries, like marathon runner Sifan Hassan, competed in modest gear. Hassan notably accepted her gold medal while wearing a hijab, making a strong statement of personal identity.<sup>447</sup>
- Wrestler Jamilah McBryde from the USA was denied a spot on the US Olympic team because the United World Wrestling (UWW) deemed her modified modest uniform unacceptable for international competition.<sup>448</sup>
- Jannah Eissa and Diaba Konate are hijab-wearing players in the USA's NCAA Basketball league, which has seen record viewership and attendance.<sup>449</sup>
- The Abaya Rally was held for the third time in Dubai, where participants will demonstrate their driving prowess while wearing the abaya.<sup>450</sup>

- Malaysia's first-ever hijab-friendly pilates studio was launched.<sup>451</sup>

**Hijab-wearing women are increasingly visible in spaces where they were previously underrepresented, breaking barriers and reshaping the narrative around modest clothing and inclusion.**

- Vogue Scandinavia editor, Rawdah Mohamed, appeared on the red carpet in Cannes in memorable modest clothing looks.<sup>452</sup>
- International fashion designer Prabal Gurung featured two hijab-clad models in his Fall 2024 show.<sup>453</sup>
- The hijab-wearing heavy-metal band Voice of Baceprot from Indonesia played at the Glastonbury music festival.<sup>454</sup>
- The hijab-wearing Moroccan AI-influencer Kenza Layli, created by Myriam Bessa, CEO of Phoenix AI, won the title of Miss AI 2024 over 1,500 contenders. Miss AI is the first international beauty pageant solely for AI influencers.<sup>455</sup>

**Despite the hijab being more accepted in some non-Muslim majority countries, levels of Islamophobia, especially against hijab-wearing women, have seen an increase since the beginning of the war in Gaza, Palestine.**

- A sculpture called "The Strength of Hijab," designed to celebrate women who wear hijabs, was installed in the UK's second-largest city, Birmingham.<sup>456</sup>
- Tell MAMA, a UK charity that tracks anti-Muslim incidents, has reported a 600% increase in Islamophobic incidents since the events in Israel on October 7th.<sup>457</sup>
- The Council on American-Islamic Relations (CAIR) reported in its 2024 civil rights report that it received the highest number of Islamophobic complaints in its 30-year history, with most incidents occurring after October 2023.<sup>458</sup>

**Clothing companies included in the boycott on companies affiliated with Israel have felt the effect, especially in Muslim-majority markets like Malaysia and Indonesia.**

- Puma did not renew its sponsorship of the Israel Football Association after being added to the Boycott, Divestment, Sanctions (BDS) list in 2018. The brand faced protests and was dropped by Ireland's largest sportswear chain, O'Neills, after October 2023.<sup>459</sup>
- Zara faced backlash and boycotts over its "The Jacket" campaign, which many found insensitive during the Gaza war. According to CARMA, brand sentiment dropped significantly, with negative sentiment rising to 76.4% and positive sentiment falling to just 4.2%, down from 13.6% negative and 31.6% positive prior to the campaign.<sup>460</sup>

## INNOVATION DEVELOPMENT

AI is transforming business-customer interactions by enabling brands to create personalized content and enhance shopping experiences with tailored recommendations and

targeted campaigns. Sustainable innovation in textiles is advancing with new eco-friendly materials, including plant-based and spider silk alternatives, offering environmentally conscious options for the fashion industry. Additionally, research is producing fabrics designed to improve comfort by reducing heat, contributing to more functional and sustainable clothing options.

**AI technology is being used to make it easier for businesses to connect with their audiences and help customers find exactly what they want.**

- TikTok is launching the AI video generator "Symphony Creator Studio," designed to assist advertisers in creating targeted content. The studio will offer ready-to-use videos for ad campaigns, using assets from TikTok Ads Manager or product details provided by brands.<sup>461</sup>
- Google AgentSpace will allow retailers to build their own AI agents to help retailers offer customers tailored product suggestions, answer real-time questions, and guide shoppers through the buying process.<sup>462</sup>
- Malaysian actress and TV presenter Neelofa unveiled her AI replica to launch the Stamplicity Collection, a headscarves line showcased at Tokyo's Shibuya Crossing. AI is increasingly being used in advertising campaigns.<sup>463</sup>
- Mango launched a campaign for its limited-edition Sunset Dream collection for Mango Teen, entirely created using generative AI. Since 2018, Mango has developed over fifteen machine learning platforms to apply AI across its value chain, including areas like pricing and personalization.<sup>464</sup>

**Through the research and development efforts of textile manufacturers globally, several new sustainable fabrics have been developed and are being used by large mainstream fashion brands.**

- Natural Fiber Welding has developed the first plastic-free, leather alternative called Mirum with the potential to be circular, scalable, customizable, and is already low-carbon. Mirum has secured US\$160 million in investment. Ralph Lauren, Stella McCartney, and Allbirds have already used the fabric in their designs.<sup>465</sup>
- Biosteel is a silk alternative made from spider silk proteins and is said to be thinner and more delicate than the products of Mulberry silk. Companies AMSilk and 21st.BIO have partnered to upscale Biosteel production, with AMSilk patenting a new biosilk material, potentially bringing more spider silk-based performance clothing to market in the coming years.<sup>466</sup>
- Researchers from the UChicago Pritzker School of Molecular Engineering have developed a textile that reduces heat from both the sun and thermal radiation from nearby buildings. When tested in the heat of Arizona, USA, the material stayed 2.3°C cooler than sports fabric and 8.9°C cooler than commercial silk.<sup>467</sup>

# SIGNALS OF OPPORTUNITIES



IMPACT: + Low \* Moderate \* High

MATURITY: ◻ Early ◻◻ Intermediate ◻◻◻ Mature

1

## AI-driven marketing is democratizing access to professional branding for modest fashion SMMEs

With the introduction of accessible AI tools like Google's AgentSpace, Gemini Flash 2.0, and TikTok's Symphony Creator Studio, modest clothing businesses can improve their marketing and customer engagement efforts. With most modest clothing businesses categorized as SMMEs, these tools will allow them to professionalize their branding and improve customer experience without significant cost.

Impact \* Maturity ◻

3

## There is an urgent need for modest sport-specific apparel that aligns with sporting body requirements

Multiple cases have been highlighted of Muslim women being excluded from competing in sports at an amateur and professional level, due to not having sport-specific apparel that adhered to the safety requirements of various sports codes. With many modest sportswear brands emerging globally, there is an opportunity for these specialist brands to develop gear that fulfils both modesty and safety requirements.

Impact \* Maturity ◻

5

## Modest clothing stylists have an increasingly important role in helping develop a brand's image at fashion week events and on social media

Stylists play a crucial role in shaping a fashion brand's image by curating its visual identity and ensuring its alignment with target audiences and brand values. In the case of modest clothing, a stylist can bridge the gap between the regional and global appeal of various modest clothing styles. This is a crucial area to address in scaling brands.

Impact \* Maturity ◻

2

## Global fashion brands are looking to source from other countries instead of China to prevent incurring high tariffs and supply chain disruptions

As global fashion brands look to diversify their sourcing away from China, OIC member countries with strong clothing production capacities can position themselves as alternative suppliers, offering competitive pricing, skilled labor, and politically aligned partnerships. North Africa and Türkiye can become the main clothing production hubs for Europe. Growth in OIC member countries' overall clothing production sector enhances infrastructure, expertise, and investment, creating a stronger ecosystem for the modest clothing sector to scale and compete globally.

Impact \* Maturity ◻

4

## Lifestyle-driven branding experiences boost engagement for premium modest fashion

Customers today discover new brands as much through social media as they do through search engines. By creating unique experiences that customers are eager to share online, modest clothing brands can expand their social media reach. This strategy helps foster a deeper connection between customers and the brand, encouraging them to integrate it into various aspects of their lifestyle, rather than viewing it as just a clothing choice. Brands such as Indonesian Buttonscarves and Dutch Merrachi have successfully used this technique to raise their brand profile.

Impact \* Maturity ◻

# Strategic Considerations by Stakeholders

Investing in key areas of the modest clothing sector can drive its overall growth. Critical focus areas include enhancing local manufacturing capacity in OIC member states, fostering continuous innovation in product development, improving sustainability, and strengthening established modest clothing brands. These areas present valuable investment opportunities for governments, businesses, and investors looking to capitalize on the expansion of the global modest clothing market.

## INVESTORS

### OPPORTUNITIES

1

#### **International clothing retailers are looking to source their products outside of China**

US clothing retailers are expected to face significant increases on goods imported from China, anticipated to come about as part of President Donald Trump's reforms. Many are seeking to locate suppliers outside of China. Clothing retailers outside the US are also implementing a China plus one strategy for sourcing to mitigate the potential for supply chain-disrupting events. Clothing manufacturers in OIC member states like Bangladesh, Indonesia, Türkiye, and Pakistan have the potential to fulfil this demand. However, they would require investment to help them develop their production capabilities and expand product offerings.

#### **Relevant developments & precedents:**

- In anticipation of potential tariffs under the Trump administration, Steve Madden announced plans to reduce its sourcing from China. The company is expanding its manufacturing presence in countries like Cambodia, Vietnam, Mexico, and Brazil to mitigate risks associated with over-reliance on Chinese production.<sup>468</sup>

#### **Potential outcomes by 2035:**

- OIC-based clothing manufacturers are the leading suppliers to the global clothing retailers and have developed the capabilities to support the growth of modest clothing brands. Sustainable practices are cost-effective and well-developed, thus reducing the negative impact of fashion on the environment

2

#### **Material science labs in universities around the world are developing new functional and sustainable textiles**

Investors can work together with material science faculties in universities to identify new, sustainable clothing textiles that can be successfully scaled commercially. They can also fund these labs to develop textiles to fit the specific needs of the modest clothing industry.

#### **Relevant developments & precedents:**

- Researchers from the UChicago Pritzker School of Molecular Engineering (PME) developed a fabric that reduces heat from both the sun and thermal radiation from nearby buildings.
- A research collaboration between De Montfort University Leicester and Loughborough University, led by Professor Jinsong Shen, developed innovative laser and biotechnology dyeing methods to apply dye directly to textiles, saving energy, water, and chemicals.<sup>469</sup>

#### Potential outcomes by 2035:

- Sustainable and innovative fabrics are affordable and accessible to all clothing brands. Modest clothing is

made with fabrics catering to the unique needs of the modest consumer.

### CHALLENGES

1

#### Limited quantitative data is available on the growth trends of specific niches within the modest clothing sector

Detailed studies on the modest clothing sector to quantify the historical monetary successes of busi-

nesses in different niches of the sector are limited.

#### Risk:

- Investors do not have sufficient quantitative information to gauge the potential of investments in the modest clothing sector.

“

*The major unmet needs of European Muslim consumers in the modest fashion industry include access to affordable, high-quality clothing, adaptable designs that blend with the European lifestyle, and physical stores with a range of sizes.”*

**DIDEM ZEYNEP CELEBI, FOUNDER AND CREATIVE DIRECTOR OF THE CELEBI, BELGIUM**

## GOVERNMENTS

### OPPORTUNITIES

1

#### Production-linked incentive (PLI) schemes encourage growth in textile and clothing manufacturers

PLI schemes offer textile and garment manufacturers incentives for investing in their company to expand production capacity, improve product quality, and create employment opportunities.

#### Relevant developments & precedents:

- India's PLI scheme for textiles promotes high-quality man-made fiber apparel, fabrics, and technical textiles by offering financial incentives to companies meeting

investment and turnover targets. The government offers 4%–6% cash incentives over a period of five years to the selected companies for achieving production targets.<sup>470,471</sup>

#### Potential outcomes by 2035:

- Textile and garment manufacturers in the OIC will have strong production capabilities, producing garments that meet the global standard of quality. The modest clothing sector will then also benefit from these enhanced capabilities.

2

#### Reduced taxes on clothing products made from recycled or more sustainable fabrics

Clothing made from recycled or sustainable fabric is often more expensive. Consumers can be encouraged to choose recycled or sustainable fabric options by introducing lower taxes on those products.

#### Relevant developments & precedents:

- Norway is the only country where the number of electric vehicles (EV) outnumber gasoline-powered cars. One of the drivers of this adoption is that zero VAT or import duties are charged on EVs.<sup>472,473</sup>

#### Potential outcomes by 2035:

- Sustainable and innovative fabrics are affordable and accessible to all clothing brands. Modest clothing is made with fabrics catering to the unique needs of the modest consumer.

## CHALLENGES

1

### Very few OIC member states prioritize modest clothing as a dedicated sector

Government programs for the fashion industry are typically broad in scope, rarely addressing the unique needs of the modest clothing sector. This one-size-fits-all approach often prioritizes mainstream fashion trends and leaves modest clothing brands at a disadvantage. Without targeted support, these brands

struggle to compete for funding, visibility, and market opportunities, limiting their ability to fully benefit from such initiatives and grow within the broader fashion ecosystem.

#### Risk:

- Modest clothing brands risk being overshadowed and constrained, limiting their potential to scale beyond the small and medium enterprise level.

“

Consumer awareness in Indonesia regarding sustainable fashion remains low. Unlike in Europe, most Indonesian consumers prioritize affordability over sustainability credentials. This highlights the need for greater advocacy from industries, universities, and the government to educate the public on the importance of both business opportunities and sustainability in the fashion sector.

However, younger designers, particularly millennials, are already integrating sustainability into their work. This shift has led to the establishment of organizations like Rantai Textile Lestari (RTL) – a not-for-profit sustainable textile alliance. RTL focuses on advocacy, aiming to educate stakeholders across the supply chain – from fiber producers to fashion designers.”

ON SUSTAINABLE PRACTICES, RENEWABLE ENERGY, AND CIRCULAR ECONOMY PRINCIPLES.  
BASRIE KAMBA, RTL CHAIRMAN AND PRESIDENT DIRECTOR, PT ASIA PACIFIC RAYON, INDONESIA

## BUSINESSES

## OPPORTUNITIES

1

### Modest clothing companies using the services of modest clothing stylists to act as a creative director

Modest clothing stylists can help brands create a streamlined image across their marketing platforms. A stylist can also assist in styling the clothing in a way that is more globally appealing, for instance, styling Indonesian batik in a more European aesthetic for the European modest clothing consumer. Social media content is also central to clothing brand success. A stylist can also work on this.

#### Relevant developments & precedents:

- Former Vogue Paris editor-in-chief, Carine Roitfeld, has a background in styling, which led to the development of the magazine's visual identity.
- Edward Enninful, the editor-in-chief of British Vogue, started his career as a stylist. His styling background heavily influences the visual and editorial tone of the publication.

#### Potential outcomes by 2035:

- Modest clothing brands have strong brands with unique and consistent creative vision, appealing to many customers globally.

2

### AI-powered agents are becoming more accessible through platforms like Google AgentSpace

AI-powered agents can vastly improve the customer experience when using e-commerce sites. With many modest clothing companies being based online, AI agents could help customers navigate the product range, provide them with customized suggestions, and even offer multilingual support to cater to global audiences.

#### Relevant developments & precedents:

- British clothing retailer Marks & Spencer is utilizing artificial intelligence to provide personalized outfit recommendations based on customers' body shapes

and style preferences, aiming to enhance online sales.<sup>474</sup>

- Italian luxury clothing brand Brunello Cucinelli has launched an innovative website, brunellocucinelli.ai, that combines human creativity with artificial intelligence, featuring a unique interface without traditional pages or menus, where the Solomei AI platform responds to user queries by dynamically presenting relevant content.<sup>475</sup>

#### Potential outcomes by 2035:

- Modest clothing brands provide customers with an excellent experience on their online platforms, providing them with the relevant information and data-based product suggestions, leading to higher conversions.

## CHALLENGES

1

### Striking a balance between modesty and contemporary fashion trends

In a bid to increase the appeal of modest clothing brands to a wider audience, modest clothing businesses must continually ensure that they remain true to the core values of their brand.

#### Risk:

- Modest clothing brand will lose its essence of catering to the needs of the modest clothing consumer while trying to win over a larger audience.

“

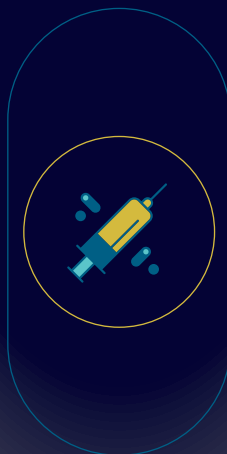
*When they call me or they call our agency, they're craving something fresh, something that makes a statement. They want to stop people from scrolling. An S.O.S for creativity. 'Can you help us?' they asked. Because there's an art to this. Art direction and styling, though they cross paths, are not the same. Styling is all about layers, about aesthetics, about adding that extra touch. That's the stylist's role in modest fashion, to transform ordinary into extraordinary.”*

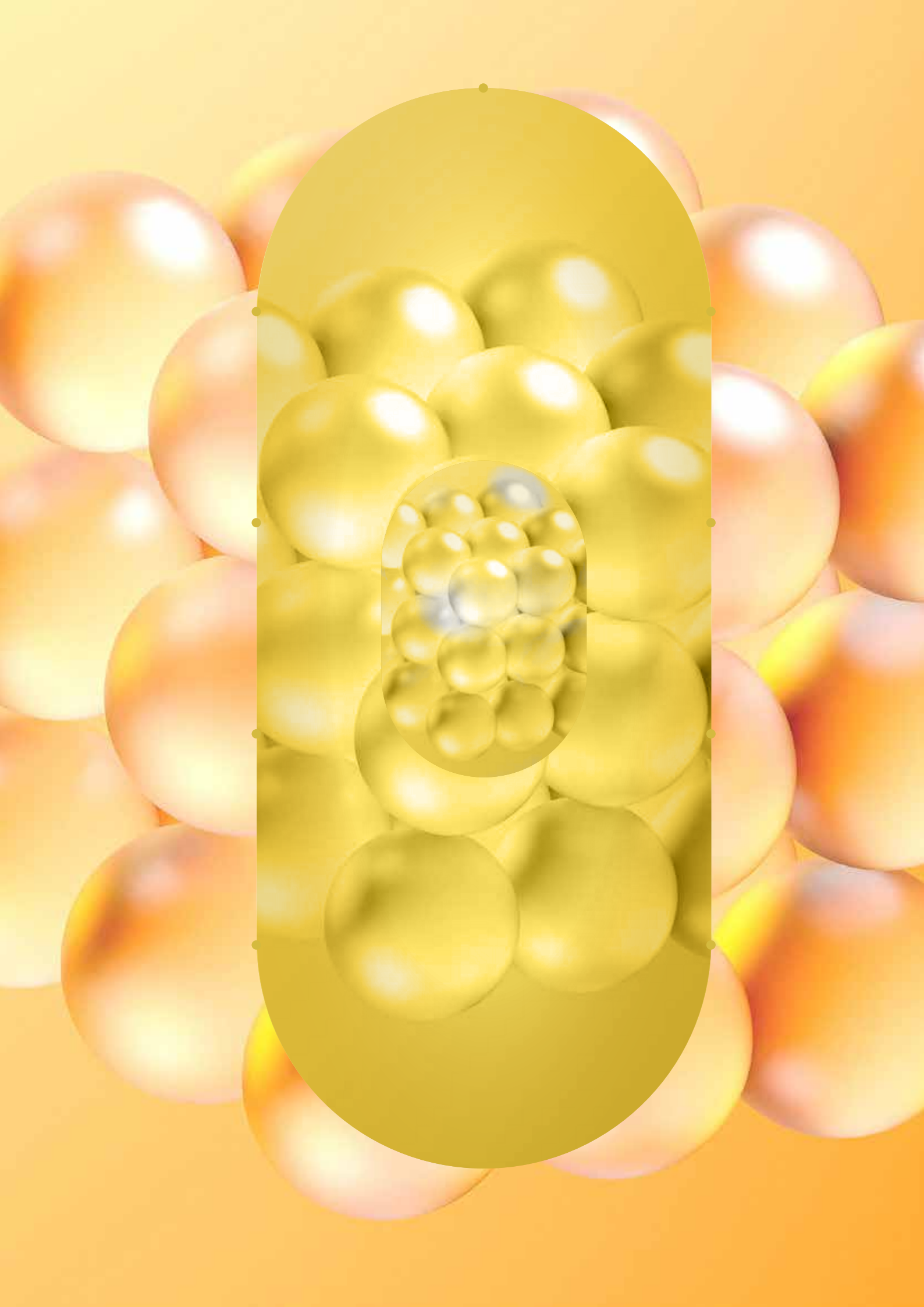
**MIN LUNA, FASHION STYLIST, CREATIVE DIRECTOR OF MIN LUNA CREATIVE AGENCY, MALAYSIA**

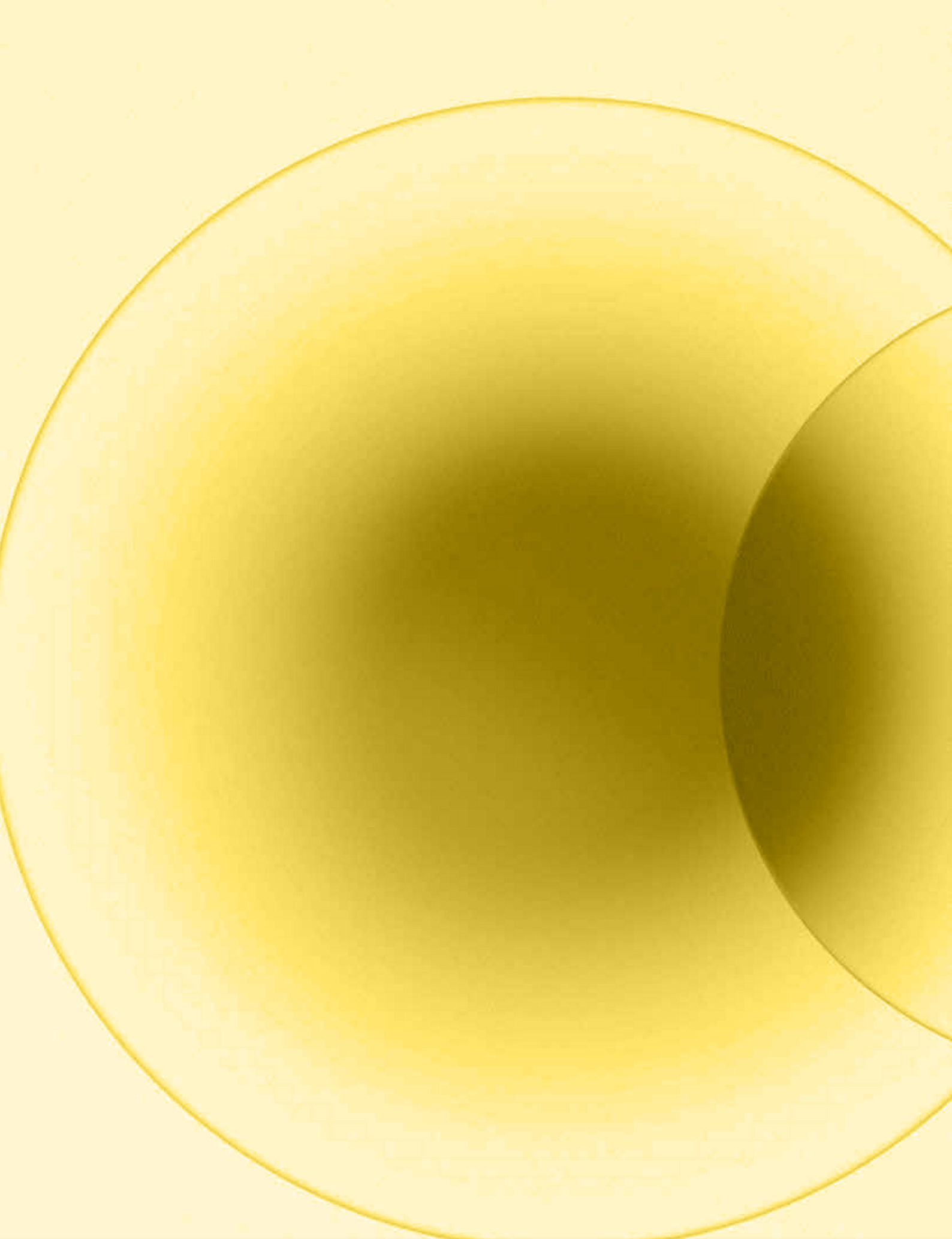
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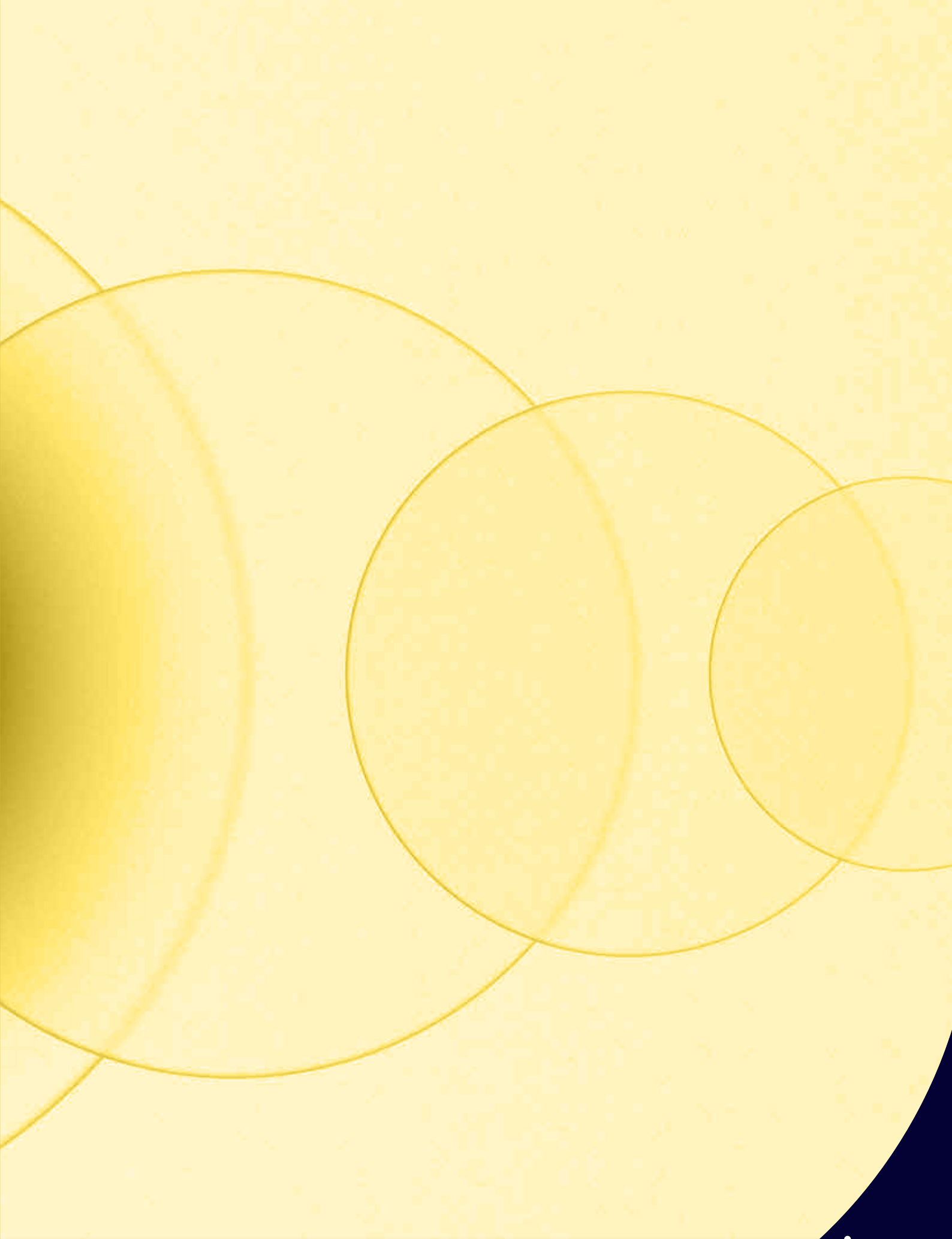
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**HALAL  
PHARMACEUTICALS**











# HALAL PHARMACEUTICALS

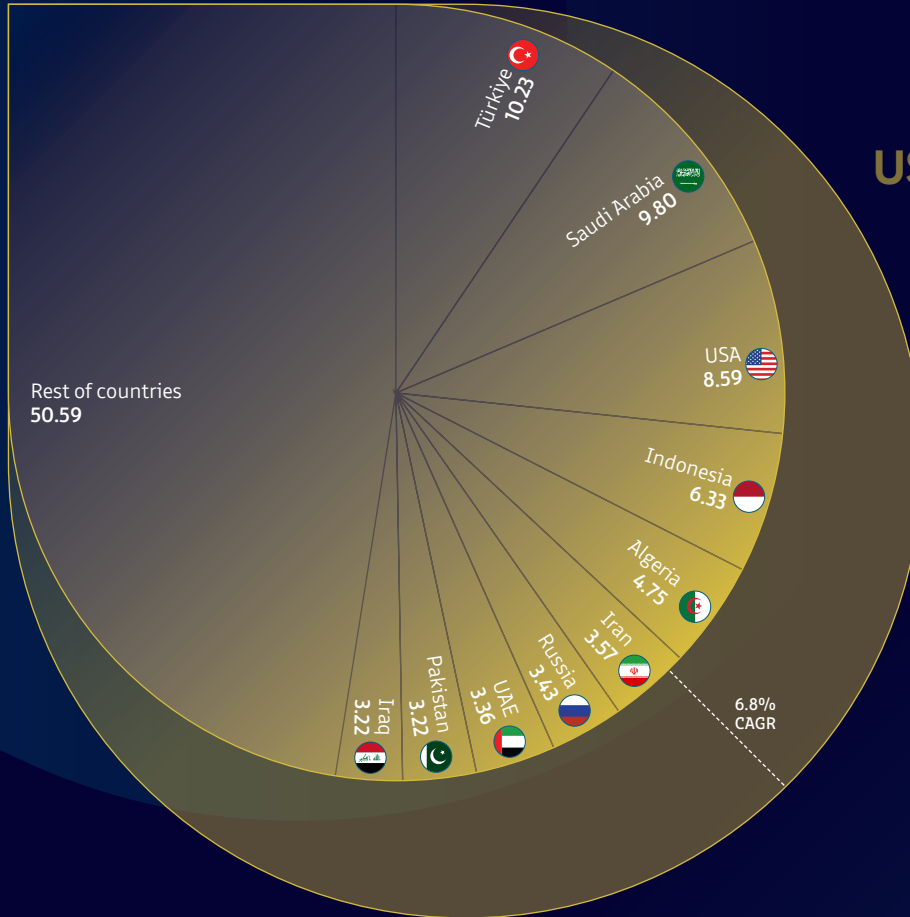
ALL FIGURES IN US\$ BILLIONS, UNLESS STATED OTHERWISE

## CONSUMER OPPORTUNITY

Represented by **US\$ 107.10 billion** of consumer spending by **2 billion Muslims** on pharmaceuticals [2023]. Reaching **US\$ 148.88 billion** by 2028 [6.8% CAGR].

**US\$ 107.1**  
2023

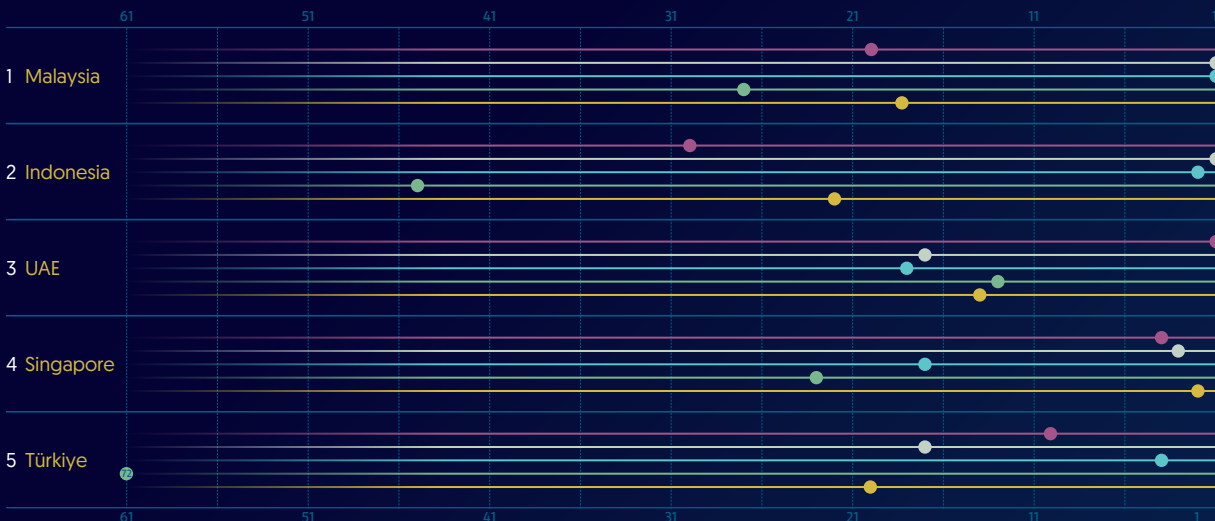
**US\$ 148.9**  
2028



## GOVERNMENT LEADERSHIP

Financial Governance Awareness Social Innovation

### HALAL PHARMACEUTICALS – GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2024)



# INVESTMENT & TRADE DRIVERS

Halal pharmaceutical imports are set to grow to US\$ 69.8 billion by 2028, at a CAGR of 7.2%

US\$ BILLION (2023)

Thickness is proportional to the value

## TOP 5 OIC IMPORTERS

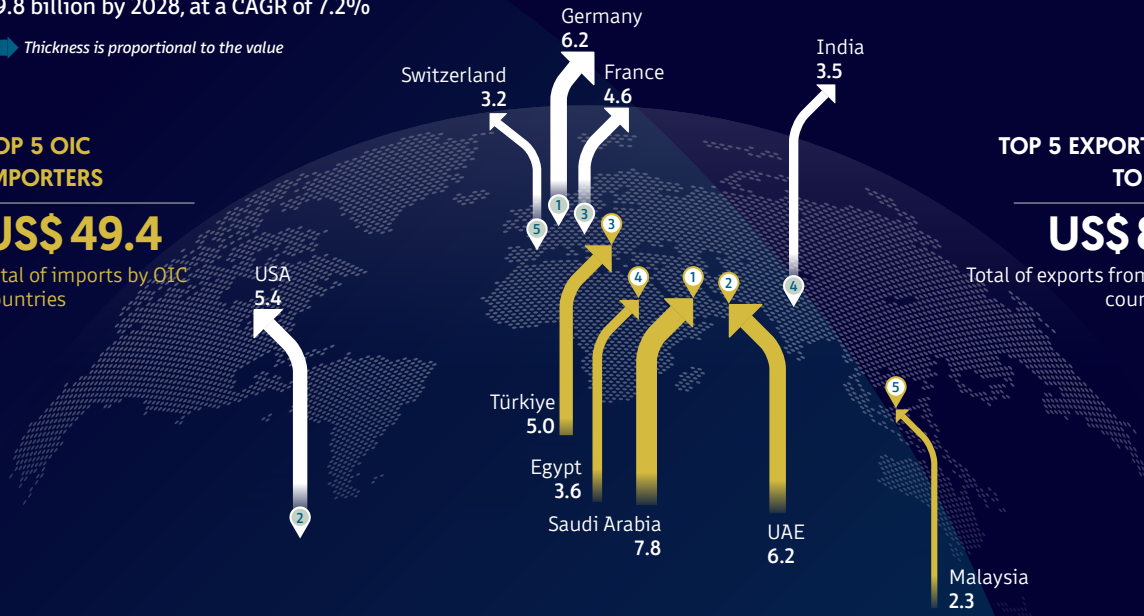
**US\$ 49.4**

Total of imports by OIC countries

## TOP 5 EXPORTERS TO OIC

**US\$ 8.1**

Total of exports from OIC countries



## INVESTMENTS

**US\$ 656.2 million**

Disclosed value for all 23 deals



Top countries by total deal value and number of deals

● = 1 deal

US\$ MILLION (2023/24)

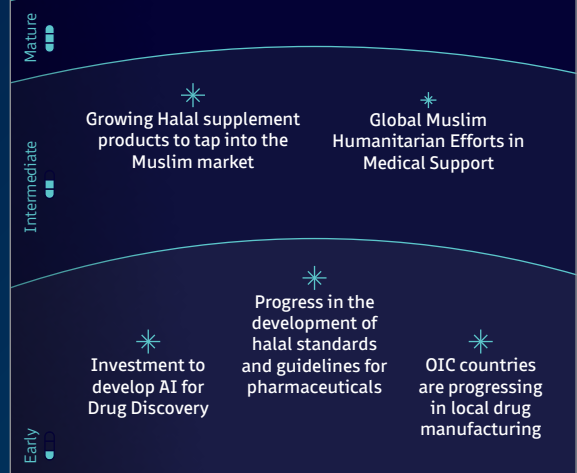


## KEY DEVELOPMENTS

- 1** Kalbe launches Ezelin, Indonesia's first locally made halal insulin.
- 2** Liferia-Novo Nordisk JV aims to meet over half of Saudi insulin demand by 2027.
- 3** UAE-based Insilico Medicine advances the world's first fully AI-generated drug to clinical trials
- 4** Blackmores became the first Australian finished goods manufacturer to receive Malaysia's JAKIM halal certification.
- 5** Azerbaijan adopts OIC/SMIIC halal-medicine standards, driving global alignment.

## SIGNALS OF OPPORTUNITIES

IMPACT: + Low \* Moderate \* High



\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2023 data. Projections are baselined on data from IMF Outlook from October 2024. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from August 2023 to July 2024. See appendix for detailed methodology. OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.



The halal pharmaceutical sector continues to demonstrate resilience and innovation. Muslim consumer spending on pharmaceuticals reached US\$ 107.1 billion in 2023, slightly increasing from US\$ 106.9 billion in 2022. Türkiye maintained its position as the largest market by expenditure, followed by Saudi Arabia and the USA. This market is projected to grow at a CAGR of 6.8%, reaching US\$ 149 billion by 2028.

In parallel with spending growth, significant advancements have been made in the localization of pharmaceutical production, particularly insulin. Indonesia launched its first locally produced halal insulin, Ezelin, through Kalbe Group, and Saudi Arabia aims to localize over half of its insulin needs by 2027 in partnership with Novo Nordisk Arabia. Similarly, Egypt initiated local insulin production through collaboration between Eva Pharma and Eli Lilly, while Julphar in the UAE established a licensing partnership to localize modern insulin analogues in the MENA region.

Alongside these developments, halal certification for supplements has continued to gain traction globally. Notable initiatives include South Korea's Cosmax NBT expanding into Indonesia, Haleon Pakistan preparing to manufacture Centrum multivitamins, and Australia's Blackmores obtaining halal certification from JAKIM. Additionally, Nestlé Health Science and US-based ChromaDex have introduced halal-certified supplement ranges to address rising health consciousness among Muslim consumers.

Complementing product certification efforts, operational developments have shown OIC countries accelerating their localization of medicine production. Saudi Arabia, Egypt, Iraq, and Kazakhstan have made significant strides, enhancing local pharmaceutical manufacturing capabilities to increase self-sufficiency. Furthermore, collaborations between universities and industries, such as Duopharma Biotech with Universiti Kebangsaan Malaysia and Biofarma

with Padjajaran University, have supported R&D initiatives crucial for halal pharmaceutical growth.

The halal pharmaceutical ecosystem has further matured, with countries like Azerbaijan adopting OIC/SMIIC halal medicine standards and Indonesia introducing comprehensive halal manufacturing guidelines. Regulatory frameworks for herbal and natural products have also advanced in Malaysia, Indonesia, and Nigeria, strengthening oversight and market confidence.

Amid these regulatory advances, humanitarian medical support has been pivotal, particularly in regions affected by ongoing conflicts. Initiatives in Gaza, Sudan, and rural areas through telemedicine solutions underscore the potential of digital health technologies to enhance healthcare accessibility.

Investments in AI-driven drug discovery have also accelerated, exemplified by the UAE's Insilico Medicine, MERCK's integration of AI in drug synthesis, and Nvidia's strategic partnerships supporting healthcare startups in Southeast Asia. Regulatory sandboxes in Saudi Arabia, Abu Dhabi, and Indonesia continue fostering innovation by balancing technological advancement with appropriate regulatory oversight.

Overall, the halal pharmaceutical sector is experiencing sustained growth and innovation, driven by increasing localization, robust regulatory frameworks, rising consumer demand for halal-certified products, and expanding digital healthcare infrastructure.

# Sector developments (2023/24)

## REVENUE DEVELOPMENTS

In the post-pandemic era, the pharmaceutical industry is trying to explore revenue streams beyond vaccines, such as in insulin and supplements. These categories are growing with rising demand and increasing health awareness among Muslims. This has attracted local and global players to develop specific products to cater to the demand.

### Latest projections

Muslim consumer spending on pharmaceuticals saw a 0.2% rise in 2023, growing from US\$ 106.9 billion in 2022 to US\$ 107.1 billion. Türkiye retains its top position by Muslim consumer spending, with Saudi Arabia and the USA remaining in second and third position, respectively. By 2028, spending is forecasted to reach US\$ 149 billion at a CAGR of 6.8%.

*Note: This does not represent the actual value of 'halal-certified' pharmaceutical consumption. Rather, it represents the core addressable Muslim consumer market spending in the general pharmaceutical category.*

### Updates on revenue developments

**Insulin demand is growing rapidly, and OIC countries are making progress in producing local alternatives.**

- Kalbe Group launched Ezelin, claimed to be the first halal insulin locally produced in Indonesia. Nearly

50% of the components for this glargine insulin are produced locally.<sup>476</sup>

- Lifera aims to localize more than 50% of Saudi Arabia's insulin needs with Novo Nordisk Arabia by 2027, with the intention of becoming the first producer of biologic insulin in the GCC.<sup>477</sup>
- Gulf Pharmaceutical Industries PJSC (Julphar) announced the signing of a licensing partnership with the Chinese pharmaceutical company Sunshine Lake Pharma to establish Julphar as the first pharmaceutical company to localize the manufacturing of modern insulin analogues in the MENA region.<sup>478</sup>
- Egypt launched the first batch of locally made insulin after a partnership between Eva Pharma and Eli Lilly.<sup>479</sup>

**Local and global brands have launched halal supplement products to tap into the Muslim market.**

- Cosmax NBT, a health supplement original development manufacturing (ODM) affiliate of the South Korean Cosmax Group, announced that it will enter the Indonesian market in the first half of 2024 after receiving halal certification. The company will use Cosmax NBT's Australian subsidiary for this venture into Indonesia, as Australia's health supplement industry gains global attention for its clean and safe image.<sup>480</sup>
- Haleon Pakistan is set to start manufacturing the multivitamin brand Centrum. The company plans to

## Investment summary

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ 000s)
UAE	VC	Alpheya	300,000
UAE	PE	Aster DM Healthcare	180,690
Morocco	PE	Akdital	94,429
Egypt	PE	Yodawy	10,000
Indonesia	VC	Good Doctor Technology Indonesia	10,000



capture 7% to 8% of the remaining market immediately. The brand is targeted to launch in the first quarter of 2025.<sup>481</sup>

- Blackmores attained JAKIM halal certification, becoming the first Australian manufacturer of finished goods with this certification.<sup>482</sup>
- Nestlé Health Science has launched a new range of Garden of Life microbiome supplements, available for the first time in all 600+ Holland & Barrett stores, marking a significant expansion of the brand in the UK and Ireland. These products are gluten-free, dairy-free, soy-free, and halal-certified.<sup>483</sup>
- ChromaDex, a U.S. bioscience company dedicated to healthy aging, launched Tru Niagen, a halal-certified NAD+ supplement for the US military. Tru Niagen supports cellular energy, combats psychological stress, and aids in cellular repair and recovery, which are vital for physically demanding environments in military operations.<sup>484</sup>

## OPERATIONAL DEVELOPMENTS

OIC countries are localizing critical medicines to build a more resilient health supply chain and contribute to the local economy. Educational institutions are also playing a critical role, especially in the early stages of halal R&D, talent development, and consumer awareness.

### OIC countries are making progress in their localization efforts for medicine.

- Saudi Arabia has identified approximately 200 medicines prioritized for localization projects in the country. Actual steps have begun to localize 42 medicines in coordination with private entities.<sup>485</sup>
- Head of the Egyptian Drug Authority, Dr. Ali Al-Ghamrawi, mentioned that the number of phar-

maceutical factories has increased by 37%, and production lines have grown by 60%. He supports the pharmaceutical industry and its localization efforts in providing safe and effective pharmaceutical products.<sup>486</sup>

- The Iraqi Prime Minister inaugurated the Al-Mansour and Al-Mustaqbal pharmaceutical plants as part of the government program to support the localization of the pharmaceutical industry and increase self-sufficiency rates.<sup>487</sup>
- The Kazakhstani government is working with investors to localize 29 new projects for medicine and medical device production. The country aims to increase the share of locally produced medicines and medical devices to 50% by 2025, up from 14% at the end of 2023.<sup>488</sup>

### Educational institutions are playing a critical role, especially in talent pipeline and research and development partnerships with industry.

- Duopharma Biotech and Universiti Kebangsaan Malaysia partner to elevate halal standards in health-care. Duopharma supports research and development efforts led by UKM's Halal Pharmaceutical Business Initiative Center (HPBI). HPBI is a shared facility for faculty members across disciplines, including the Faculty of Science and Technology, Pharmacy, Islamic Studies, and the Graduate School of Business.<sup>489</sup>
- Universitas Gadjah Mada from Indonesia and UDST Qatar are collaborating on halal testing and health technology. This collaboration covers education, research, and community service.<sup>490</sup>
- Biofarma and Padjajaran University accept 10 researchers from eight OIC countries to learn about vaccines through the COMSTECH OIC Fellowship Program, Center of Excellence for Halal Vaccine and Biotechnology.<sup>491</sup>

- National University of Medical Science (NUMS) to manufacture Halal Vaccine in collaboration with Saudi Vax in Pakistan.

## ECOSYSTEM DEVELOPMENTS

Alongside local standards developed by OIC countries, global standards for halal pharmaceuticals have progressed, promoted by SMIIC to ensure global halal governance and consumer protection. Some countries are also developing standards for the growing herbal and natural medicine sector.

### Some halal standards have been introduced or updated in OIC countries, building a stronger halal ecosystem.

- The Azerbaijan Institute of Standardization (AZSTAND) has adopted the state standard AZS OIC/SMIIC 50-1:2023, 'Halal Medicines – Part 1: General Requirements.' The standard defines basic requirements for the production and transportation of halal medicines, contributing to increased consumer confidence in such products. In preparing the state standard, it was officially agreed upon with the Center for Analytical Expertise of the Ministry of Health.<sup>492</sup>
- Indonesia's Minister of Health has decided to introduce a set of halal manufacturing guidelines for drugs, biological products, and medical equipment. These guidelines also address the affixation of material information to medical equipment through the issuance of Regulation No. 2 of 2024, which has been in force since April 2, 2024.<sup>493</sup>
- Afghanistan is set to export medicine worldwide. Over 18 months in 2022 and 2023, the country granted licenses to 10 factories and removed 342 tons of subpar foodstuffs. Rigorous efforts have also been conducted to combat drug trafficking, with laboratories now initiating procedures to distinguish between halal and haram substances.<sup>494</sup>

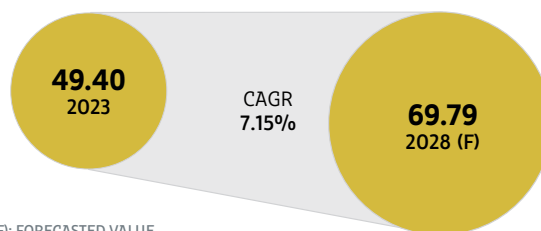
### As demand for natural medicine increases, herbal regulations are being developed in some OIC countries.

- Malaysia is strengthening the regulation of natural products with a new guideline effective in April 2024. The Ministry of Health stated that this implementation of registration is a holistic step to enhance the regulatory system for natural products in Malaysia. Applications for the registration of natural products with therapeutic claims for diseases must be accompanied by evidence of effectiveness and safety based on clinical studies to support the application.<sup>495</sup>
- The Indonesian government is preparing new regulations for phytopharmaceuticals, including their integration with the national healthcare program. Currently, the use of phytopharmaceuticals in Indonesia remains limited. As of September 2024, there are 15,000 registered as jamu, 77 as standardized herbal medicines, and 20 as phytopharmaceuticals.<sup>496</sup>

- The National Association of Nigerian Traditional Medicine Practitioners (NANTMP) is seeking a regulatory council to boost the development of herbal medicine products. The association's president mentioned that establishing the council would help regulate traditional medicine in the country and elevate it to global standards.<sup>497</sup>

## OIC HALAL PHARMACEUTICALS IMPORTS AND GROWTH (2023-2028)

US\$ BILLION



## NATIONAL/TRADE DEVELOPMENTS

Total OIC pharmaceutical imports amounted to US\$ 49.40 billion in 2023, representing a 0.97% decrease from US\$ 49.88 billion in 2022. The largest imported products were medicines (68.82%), followed by blood, vaccines, and medical biology products (23.12%). As the world moves beyond the pandemic, this decline was primarily driven by a US\$ 3.3 billion drop in human vaccine imports. Iran, Bangladesh, Pakistan, and the UAE were among the top countries contributing to this correction, as vaccine demand began to normalize.

Over the next five years, pharmaceutical imports across the OIC are projected to rise to US\$ 69.79 billion by 2028, with a compound annual growth rate (CAGR) of 7.15%. Although some OIC countries have started localizing pharmaceutical production, the full impact will take time due to the lengthy processes involved in research, technology development, and regulatory approvals required to ensure product safety and efficacy. Saudi Arabia, the United Arab Emirates, and Türkiye lead the OIC in pharmaceutical imports, with US\$ 7.85 billion, US\$ 6.17 billion, and US\$ 4.99 billion, respectively.

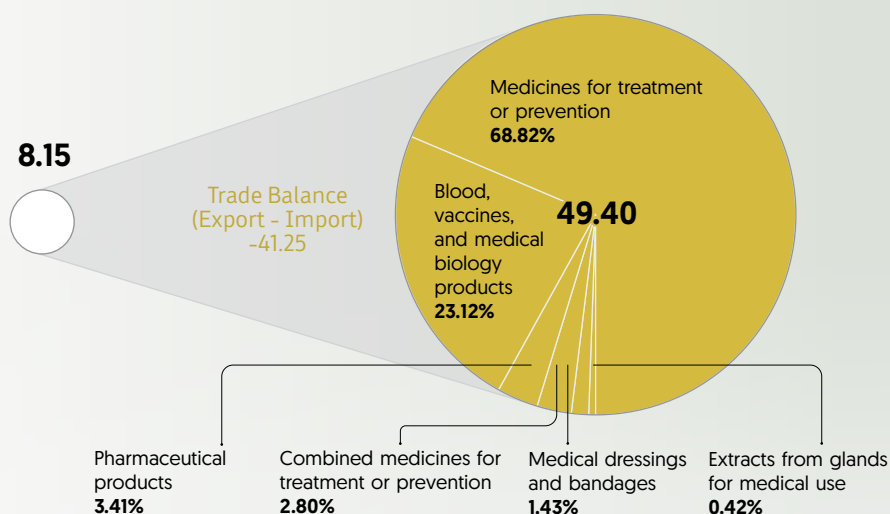
In terms of top supplying markets, Germany leads with US\$ 6.24 billion, followed by the USA (US\$ 5.36 billion) and France (US\$ 4.55 billion). Although exports from these countries rarely carry explicit halal certification, some Islamic scholars have deemed vaccines permissible (halal) due to their critical role in public health and the lack of halal-certified alternatives.

Currently, no OIC country ranks among the top 10 pharmaceutical exporters. The closest are the UAE (14th, US\$ 0.96 billion), Türkiye (17th, US\$ 0.81 billion), and Saudi Arabia (21st, US\$ 0.50 billion). If OIC countries can further localize and expand exports, it could help build a more robust halal-certified ecosystem in the pharmaceutical sector.



## EXPORTS

## IMPORTS



### TOP EXPORTERS TO OIC

US\$ BILLION (2023)

<b>Germany</b>	<b>6.24</b>
United States of America	5.36
France	4.55
India	3.46
Switzerland	3.15
Belgium	2.54
Italy	2.44
Ireland	2.29
China	1.48
United Kingdom	1.41

### TOP OIC IMPORTERS

US\$ BILLION (2023)

<b>Saudi Arabia</b>	<b>7.85</b>
United Arab Emirates	6.17
Türkiye	4.99
Egypt	3.62
Malaysia	2.30
Kazakhstan	1.95
Kuwait	1.88
Uzbekistan	1.63
Iraq	1.61
Algeria	1.53

Non-OIC countries in Southeast Asia are building their capabilities to tap into the global halal export market, including in the pharmaceutical sector. At the same time, the UAE is actively establishing trade capability to strengthen its position as one of the most active trade hubs in the global pharmaceutical industry.

**The Philippines, Vietnam, and Thailand are non-OIC countries in Southeast Asia that recognize the opportunities in the halal export market. They are building capabilities in halal certification, training, and standards.**

- The Department of Trade and Industry (DTI) of the Philippines has established the National Halal Industry Development Office (NHIDO). It aims to position the Philippines at the forefront of the global halal industry by boosting the domestic halal market and export potential including medicine.
- Vietnam has launched the National Halal Certification Center (HALCERT) and introduced the Vietnam Halal

Standard to promote the halal economy and tap into global halal market potential. The initiative includes five cooperation agreements with key partners: the GCC Certification Center, the Korea Halal Organization, the European Halal Certification Center, the Halal Academy under GAE Ltd (Malaysia), and the Quang Ninh Tourism Association.

- Thailand is supporting halal certification as part of its strategy to develop the country as a medical and wellness hub. The Department of Thai Traditional and Alternative Medicine is providing training to massage practitioners and herbal product makers to prepare for the Saudi Arabian market. The department also plans to showcase its offerings to Hajj pilgrims in Saudi Arabia.

**The UAE is actively building partnerships and enhancing its ambition to become a trade hub, including in the pharmaceutical sector**



CREDIT/SHUTTERSTOCK

- In November 2024, the UAE and Australia signed the Comprehensive Economic Partnership Agreement (CEPA). The tariff on Australian pharmaceutical exports to the UAE will be locked at zero, giving Australian firms a competitive edge in the UAE market.
- On Dec 29, the UAE introduced a new law aimed at regulating medical products, pharmacies, and the pharmaceutical industry. It establishes a comprehensive framework that include licensing, ownership, and the export and import of medical products.<sup>498</sup>
- DUPHAT 2025 (Dubai International Pharmaceuticals and Technologies Conference and Exhibition) concluded with AED 9.35 billion (approximately USD 2.55 billion) in direct and indirect trade deals over the past three days.<sup>499</sup> The event, highlighted as one of the world's largest pharmaceutical and technology markets, served as a platform for both global and local companies, fostering innovation and creating business opportunities. It attracted 31,000 visitors from 101 countries and featured participation from 1,400 global companies in the pharmaceutical sector.<sup>500</sup>

## SOCIAL IMPACT DEVELOPMENTS

OIC countries are delivering medical support for the ongoing conflict in MENA, highlighting the importance of real medical resilience and solidarity among Muslim countries. Rising digital technology is also promoting more inclusive pharmaceutical access, especially in rural areas of OIC countries through telehealth.

**With ongoing conflicts in MENA, the Muslim solidarity movement plays a crucial role in humanitarian medical support.**

- Insulin is one of the medicines in 'acute shortage' in Gaza, according to the WHO. Since the invasion of Rafah and the closure of the crossing, no diabetes

supplies or insulin have been entering Gaza.<sup>501</sup>

- The UAE, Saudi Arabia, and other Gulf states have increased aid to Gaza, including the delivery of medical support. Facilities have also been developed, including internal medicine, dentistry, obstetrics, and family medicine.<sup>502</sup>
- Indonesia's BPOM supports the Sudan crisis with pharmaceutical aid and capacity development. As a fellow member of the National Medicines Regulatory Authorities (NMRAs) under the Organization of Islamic Cooperation (OIC), BPOM extends its support in solidarity through medicine assistance, learning initiatives, and knowledge transfer to regulators in Sudan.<sup>503</sup>
- The Pharmacist Defence Association (PDA) has partnered with Salam Charity to begin fundraising efforts for the "Medicine to Gaza" initiative in the UK. This campaign has been launched in response to a request for help from pharmacists in Palestine who are working in a healthcare system that is completely overwhelmed. Besides the PDA, the Egyptian Organization of Pharmacy, the Jordan Pharmacists Association, the Malaysian Pharmacists Society, the Medicine to Africa Campaign (South Africa), and the Order of Pharmacists of Lebanon have also joined the campaign.<sup>504</sup>

**With many OIC countries having rural areas with limited access, telehealth can help improve accessibility to pharmaceutical products.**

- The North Kazakhstan Region has launched new telemedicine complexes to improve the rural population's access to consultations with specialized medical professionals. These complexes facilitate connections between patients in rural areas and specialists from six interdistrict hospitals, eight outpatient clinics, and two medical centers in the region. Specialized doctors from two regional multidisciplinary hospitals offer consultations in various fields, including dermatology, obstetrics, gynecology, and virology.<sup>505</sup>



- The Islamic Development Bank (IsDB), to facilitate the Afghanistan Humanitarian Trust Fund (AHTF), has announced an agreement with Educators for Enhancement to enhance telemedicine capabilities across Afghanistan. The pilot intervention has introduced telehealth in six key regional hospitals in Kabul, Jalalabad, Kandahar, Zabul, Mazar, and Khost.<sup>506</sup>
- Rural broadband service provider MEASAT and local health IT company Mudah HealthTech have signed an MoU to enable the delivery of digital health services in rural and remote communities. The initiative aims to deploy 2,000 telehealth kiosks in rural Malaysia.<sup>507</sup>

## INNOVATION DEVELOPMENT

Artificial intelligence has become one of the major innovation drivers impacting the pharmaceutical industry, especially in drug discovery and development. OIC countries are also making progress in regulatory sandboxes that balance innovation with regulatory frameworks.

**AI is leveraged to speed up drug discovery and development.**

- UAE-based Insilico Medicine advances the world's first fully AI-generated drug to clinical trials. AI is leveraged from the treatment target to the drug's unique structure.<sup>508</sup>
- MERCK launched an AI solution to integrate drug discovery and synthesis. It recommends chemicals, reagents, and building blocks for synthesis.<sup>509</sup>
- Nvidia has announced a strategic partnership with American biopharma firm Pfizer and Singaporean

organization Bairoso to support global healthcare startups expanding in Southeast Asia. The program will use AI tools to shorten drug development timelines, analyze extensive datasets, and offer faster insights to benefit emerging healthcare companies.<sup>510</sup>

**OIC countries are developing their Regulatory Sandbox to support digital health innovation while keeping regulatory risk.**

- Six digital health innovation platforms with telehealth services received recommendations from the Ministry of Health via the Regulatory Sandbox.<sup>511</sup> These include Good Doctor, Halodoc, Alodokter, SIRKA, Sehati TeleCTG, and Naluri. The recommendation was obtained after a testing process conducted in the Regulatory Sandbox program or the Telemedicine Cluster.<sup>512</sup>
- Saudi Arabia launched a "Regulatory Healthcare Sandbox" to boost digital innovation. It offers support in AI, 3D printing, IoT, and biotechnology.<sup>513</sup> According to the announcement, the sandbox provides a secure platform for innovators to experiment and refine their ideas – a move that marks a significant milestone in boosting investment and modernizing Saudi Arabia's healthcare system.<sup>514</sup>
- Abu Dhabi launches HealthX to advance Abu Dhabi as a global biotech and life sciences hub.<sup>515</sup> Successful applicants will benefit from access to the DoH regulatory sandbox and UAE de-identified data to help refine their product, along with admittance to labs and opportunities to collaborate with research academic institutions.<sup>516</sup>

# SIGNALS OF OPPORTUNITIES



IMPACT: + Low \* Moderate \* High

MATURITY: ◻ Early ◻◻ Intermediate ◻◻◻ Mature

1

## Progress in the development of halal standards and guidelines for pharmaceuticals

Although halal standards in the pharmaceutical sector have been adopted by only a limited number of countries, there has been some progress. Examples include the Azerbaijan Institute of Standardization (AZSTAND) adopting the SMIIC Standard and Indonesia's Ministry of Health introducing halal manufacturing requirements for drugs. These are the initial and critical steps in building halal compliance in the pharmaceutical industry.

Impact \* Maturity ◻

## Growing halal supplement products to tap into the Muslim market

Vitamins remain one of the major categories in halal adoption, driven by the rising trend of healthy and preventive lifestyles. Global brands are building the halal compliance of their products to tap into the Muslim market. One notable initiative is how Blackmores secured halal certification, becoming the first Australia-made finished goods brand to achieve this certification in Malaysia.

Impact \* Maturity ◻◻

3

## OIC countries are progressing in local drug manufacturing

Major OIC countries, including Saudi Arabia, Malaysia, Egypt, Indonesia, UAE, and Egypt, have launched initiatives to localize medicine production and develop halal-certified alternatives. OIC countries collaborate with global leading MNCs for knowledge transfer to enhance credibility and reliability. Collaboration with universities for R&D and talent development has also been executed.

Impact \* Maturity ◻

## Global Muslim humanitarian efforts in medical support

Global Muslim humanitarian efforts, including those in Palestine, Sudan, and Somalia, highlight the importance of Muslim medical solidarity and OIC medical resilience. Organizations, governments, local companies, pharmaceutical professionals, and the wider Muslim community collaborate to provide medical support, ensuring access to essential medicines and healthcare facilities.

Impact \* Maturity ◻◻

5

## Investment to develop AI for drug discovery

OIC countries are progressing towards making long-term investments in AI for the pharmaceutical industry, which can accelerate drug discovery and development. The UAE is one of the leading Muslim-majority countries adopting AI for healthcare, with its progress in regulatory sandbox and companies such as Insilico Medicine. Insilico advanced the world's first fully AI-generated drug to clinical trials.

Impact \* Maturity ◻

2

4

# Strategic Considerations by Stakeholders

With emerging technology and global trade dynamics, pharmaceutical localization is progressing, including in OIC countries. This localization is critical for the adoption and growth of halal pharmaceuticals. Some progress has also been tracked in industry-academia collaboration and regulatory innovation. Supplements and insulin products are two examples gaining momentum in halal pharmaceutical development.

## INVESTORS

### OPPORTUNITIES

1

#### Tailor investment strategy to align with long-term government localization efforts

Investments that are aware of localization strategies can better map opportunities, especially in countries such as Malaysia, UAE, Saudi Arabia, Türkiye, Egypt, and Indonesia. Insulin and vaccines are valuable areas worth exploring for long-term strategic investment.

##### Relevant developments & precedents:

- Saudi Arabia has identified approximately 200 medicines prioritized for localization projects in

the country.

- The number of Egyptian pharmaceutical factories has increased by 37%, and production lines have grown by 60%.
- The Kazakhstani government is working with investors to localize 29 new projects for medicine and medical device production.

##### Potential outcomes by 2035:

- OIC countries will have more capacity in nurturing local pharmaceutical capability, positively impacting medicine resilience and the local economy.

2

#### Explore investment in telemedicine in emerging countries to improve access

With limited healthcare infrastructure, economic challenges, and ongoing conflicts, many countries with major Muslim populations still struggle to access medicine. This presents a strategic impact investment opportunity in building more inclusive pharmaceutical products. There is also significant potential due to the vast population and rising health awareness in some segments.

##### Relevant Developments & Precedents:

- The North Kazakhstan Region has launched new telemedicine complexes to improve the rural population's access to consultations with specialized medical professionals.

- The Islamic Development Bank (IsDB), to facilitate the Afghanistan Humanitarian Trust Fund (AHTF), has announced an agreement with Educators for Enhancement to enhance telemedicine capabilities across Afghanistan.

- Rural broadband service provider MEASAT and local health IT company Mudah HealthTech have signed an MoU to deploy 2,000 telehealth kiosks in rural Malaysia.

##### Potential outcomes by 2035:

- More accessible medicine in Muslim communities. New emerging telemedicine companies are creating more effective and efficient supply chain channels. Collaboration is also happening between emerging tech companies and big corporations.

## CHALLENGES

1

### Ensure value creation in the investment portfolio by focusing not only on halal aspects but also on delivering real innovation

Some companies might focus solely on high halal compliance as a value proposition. In this growing and knowl-

edge-intensive industry, real innovation is needed to be sustainable. It helps expand the wider target market also.

#### Risk:

- Halal compliance has become a minor value, with the public viewing it as mere branding for under-quality products.

## GOVERNMENTS

## OPPORTUNITIES

1

### Foster collaboration between halal pharmaceutical education and the industry for joint R&D initiatives and curriculum development

The government could lead the integration between educational institutions and the industry. This can start with public higher education and state-owned enterprise collaboration. This will not only develop talent and expertise but also raise awareness of halal pharmaceuticals

#### Relevant developments & precedents:

- Duopharma Biotech and Universiti Kebangsaan Malaysia partner to elevate halal standards in healthcare.
- Universitas Gadjah Mada from Indonesia and UDST Qatar

collaborate on halal testing and health technology.

- Biofarma and Padjajaran University accept 10 researchers from eight OIC countries to learn about vaccines through the COMSTECH OIC Fellowship Program, Center of Excellence for Halal Vaccine and Biotechnology.
- National University of Medical Science (NUMS) to manufacture Halal Vaccine in collaboration with Saudi Vax in Pakistan.

#### Potential outcomes by 2035:

- A more integrated link between industry and educational institutions ensures greater innovation by local universities. It also helps build a quality talent pipeline relevant to industry needs.

2

### Build a more robust digital health innovation ecosystem with a regulatory sandbox.

Rapid tech advances, especially in AI, challenge traditional regulations. Agile frameworks like regulatory sandboxes that balance risk and flexibility are key to fostering digital health innovation in a country.

#### Relevant Developments & Precedents:

- Six digital health innovation platforms with telehealth services received recommendations from the Indonesia Ministry of Health via the Regulatory Sandbox.

- Saudi Arabia launched a "Regulatory Healthcare Sandbox" to boost digital innovation. It offers support in AI, 3D printing, IoT, and biotechnology.

- Abu Dhabi launches HealthX to advance Abu Dhabi as a global biotech and life sciences hub. Successful applicants will benefit from access to the DoH regulatory sandbox and UAE de-identified data to help refine their products.

#### Potential outcomes by 2035:

- Regulatory sandboxes allow industries to test innovations early, helping startups refine products and enabling new companies to thrive using digital technologies like AI.

## CHALLENGES

1

### Fast-growing digital innovation pushes regulators to stay relevant

With its bureaucratic nature, keeping up with digital health innovation is not easy. Especially with emerging AI, which accelerates development and is a game-changer for the current digital ecosystem.

#### Risk:

- Bureaucratic regulations cannot keep up with the fast-growing digital health innovation. The lack of clear regulations creates unmitigated risks for public healthcare. Current regulations do not provide special support for new emerging innovations.

OPPORTUNITIES

1

**Strategize the halal value chain by integrating it with the company's strategy from the early days**

Integrating halal value chains early on will help minimize higher costs later. It also aligns with the spirit of delivering ethical and quality values.

**Relevant Developments & Precedents:**

- Blackmores attained AKIM halal certification, becoming the first Australian manufacturer of finished goods with this certification.

- Nestlé Health Science has launched a new range of halal-certified Garden of Life microbiome supplements, available for the first time in all 600+ Holland & Barrett stores, marking a significant expansion of the brand in the UK and Ireland.

**Potential outcomes by 2035:**

- More companies are integrating halal compliance, at least for some of their products, to target the vast Muslim market in countries like Saudi Arabia and Indonesia.

“

*Don't treat Halal as an add-on feature—build it into your foundation. That's 'Halal Built-in': a top-down strategy embedding integrity enterprisewide—far beyond just production compliance. The result? A reputation authentically earned: unshakeable, enduring.”*

**ROZI OSMAN, HALAL INDUSTRY STRATEGIST**

2

**Explore halal supplement product offerings amid rising health awareness**

Supplements have a higher degree of halal adoption compared to complex medicine. Many global brands are aware of this and have certified their portfolios to tap into the Muslim market. The market is growing as health concerns rise, especially among urban consumers who cannot get sufficient vitamins from natural food, making supplements a preferred option.

**Relevant Developments & Precedents:**

- Cosmax NBT, a health supplement original development manufacturing (ODM) affiliate of the South

Korean Cosmax Group, announced that it will enter the Indonesian market in the first half of 2024 after receiving halal certification

- Haleon Pakistan is set to start manufacturing the multivitamin brand Centrum. The brand is targeted to launch in the first quarter of 2025.

**Potential outcomes by 2035:**

- Supplements contribute a significant portion of halal pharmaceutical consumption, with rising demand, especially for products leveraging natural ingredients. Leading supplement-producing countries, such as Australia, will remain top players in capturing the Southeast Asian halal supplement market.

CHALLENGES

1

**Competition to attract top talent in building halal-quality medicine**

As the pharmaceutical industry is knowledge-intensive, securing or developing top talent is crucial for the growth of the local pharmaceutical and biotechnology sectors. This includes not only

technical expertise in pharmaceuticals but also managerial skills and halal compliance expertise.

**Risk:**

- Companies with halal positioning may struggle to attract top talent, leaving them behind in innovation.



CREDIT/SHUTTERSTOCK



Duopharma Biotech Group ("Duopharma Biotech" or "the Company") began with the establishment of Duopharma (M) Sendirian Berhad in 1978. Duopharma Biotech was incorporated in 2000 and is today one of Malaysia's leading pharmaceutical companies listed on the Main Market of the stock exchange operated by Bursa Malaysia Securities Berhad.

Duopharma Biotech has core competencies in the pharmaceutical industry inclusive of Manufacturing, Research & Development and Commercialisation & Marketing of over 300 generic drugs such as Crystorvas, Prelica and Omesecc as well as Consumer Healthcare ("CHC") products including CHAMPS, FLAVETTES, PROVITON® and Uphamol, which are well-recognised and accepted by consumers in Malaysia, regionally and globally.

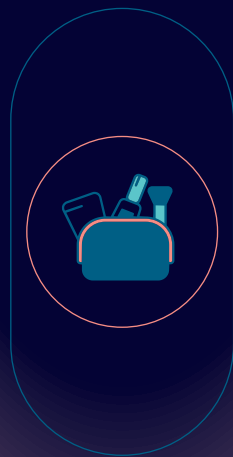
Duopharma Biotech has been pioneering halal pharmaceutical in Malaysia and is the first company to obtain halal pharmaceutical certification under the MS2424:2019 Halal Pharmaceutical standard for OTC and prescription products from the Department of Islamic Development Malaysia (JAKIM). We uphold the "Halal Built-in, Not Tested For" principles in producing high-quality halal products for our consumers while adding value for our stakeholders. Our 100% halal pharmaceutical products are safe, efficacious, high-quality and hygienic for all.

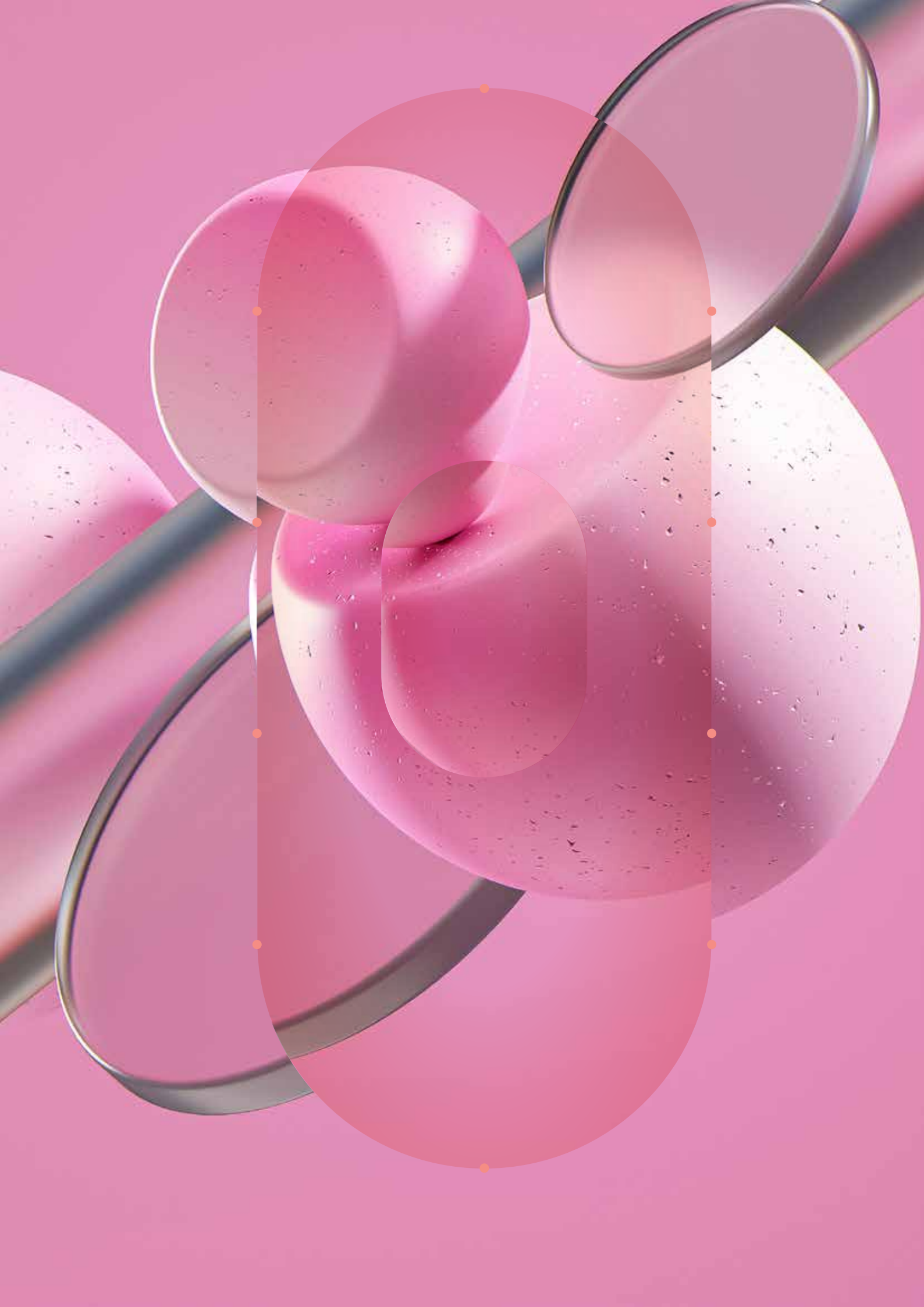


CHAPTER

# 10

## HALAL COSMETICS









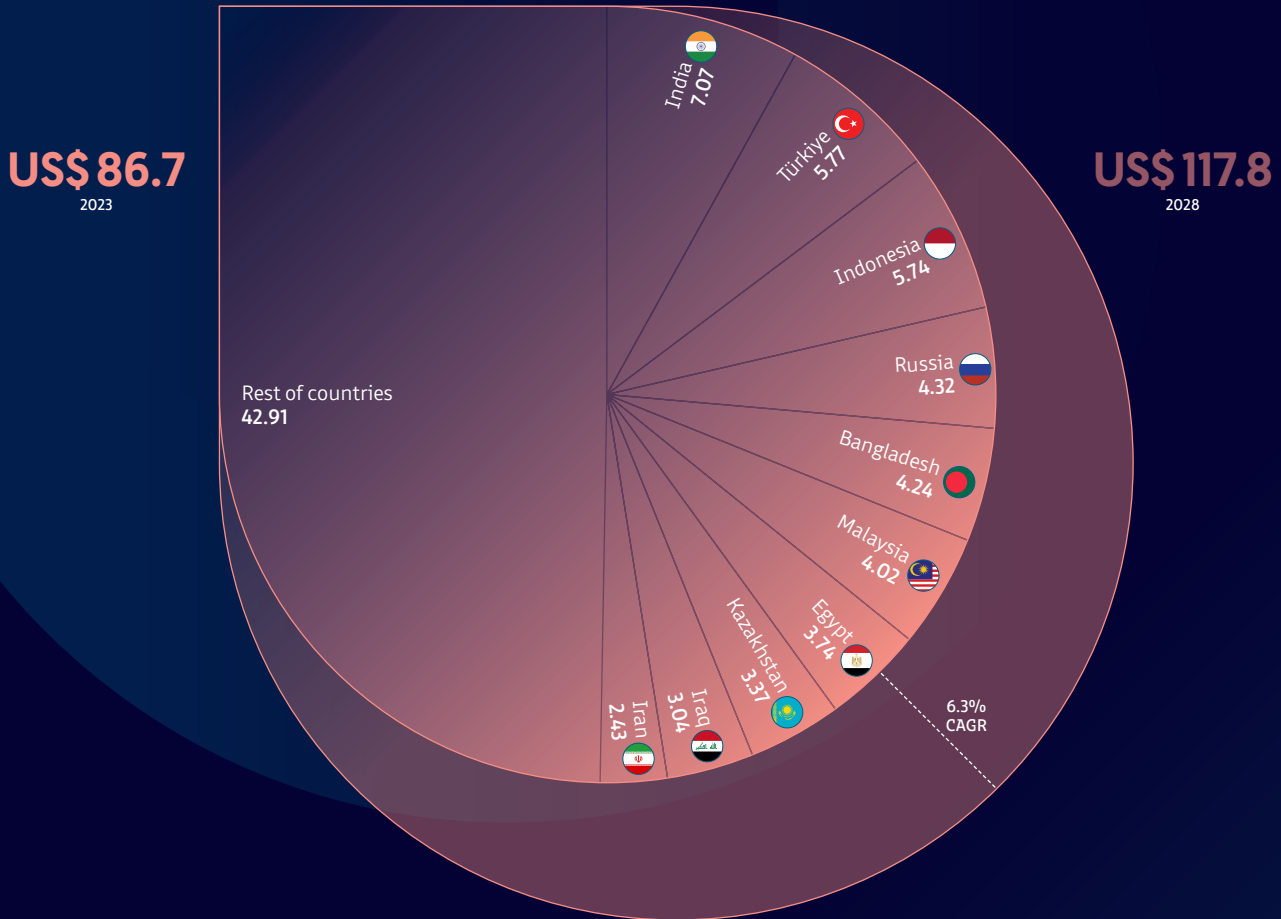


# HALAL COSMETICS

ALL FIGURES IN US\$ BILLIONS, UNLESS STATED OTHERWISE

## CONSUMER OPPORTUNITY

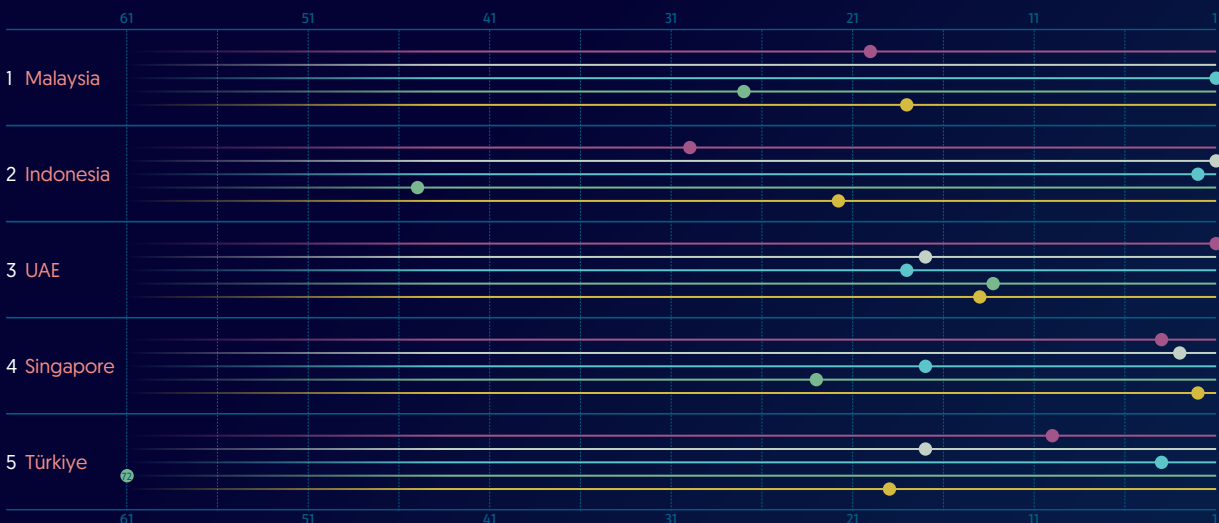
Represented by **US\$ 86.66 billion** of consumer spending by **2 billion Muslims** on halal cosmetics (2023). Reaching **US\$ 117.81 billion** by 2028 (6.3% CAGR).



## GOVERNMENT LEADERSHIP

Financial Governance Awareness Social Innovation

### HALAL COSMETICS – GLOBAL ISLAMIC ECONOMY INDICATOR (GIED) RANKING (2024)



# INVESTMENT & TRADE DRIVERS

Halal cosmetics imports are set to grow to US\$ 32.5 billion by 2028, at a CAGR of 9.5%

US\$ BILLION (2023)

Thickness is proportional to the value

## TOP 5 OIC IMPORTERS

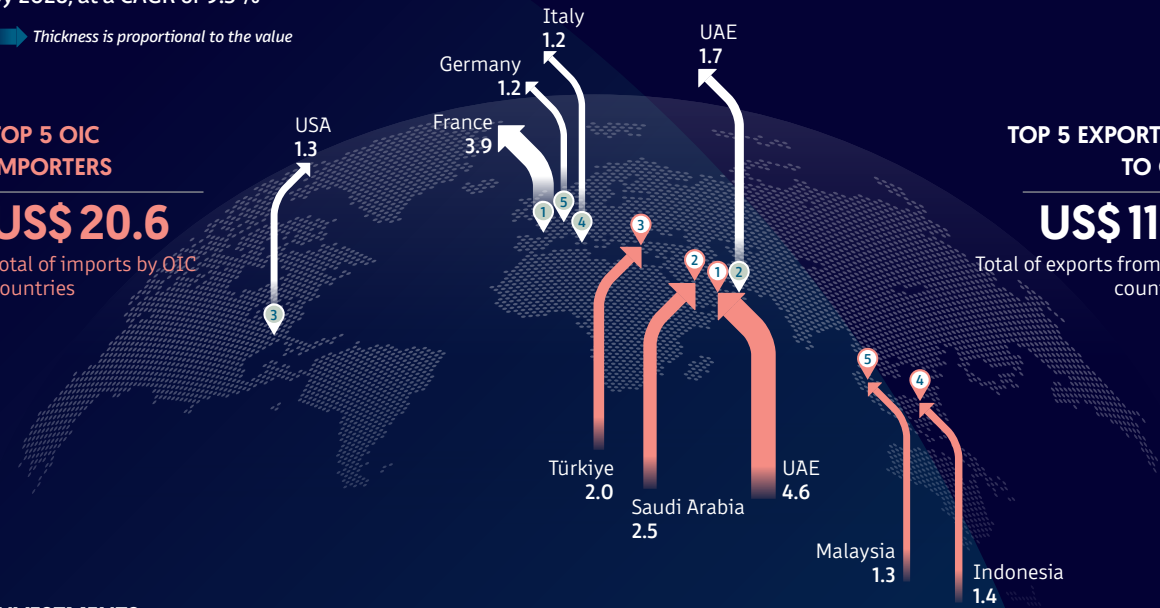
**US\$ 20.6**

Total of imports by OIC countries

## TOP 5 EXPORTERS TO OIC

**US\$ 11.4**

Total of exports from OIC countries



## INVESTMENTS

**US\$ 10.1 million**

Disclosed value for all 8 deals



Top countries by total deal value and number of deals

● = 1 deal

US\$ MILLION (2023/24)



## KEY DEVELOPMENTS

- Al Majed for Oud's US \$188 million IPO sells out in hours.
- Consumer activism propels local beauty labels into e-commerce top-ten sales in Indonesia.
- Korea-GCC FTA and MFDS training fast-track Korean halal-cosmetics exports.
- Watsons grows GCC sales 53% and targets Bahrain and Kuwait next.
- Abu Dhabi's HealthX initiative positions the emirate as a life-science hub.

## SIGNALS OF OPPORTUNITIES

IMPACT: + Low \* Moderate \* High



\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2023 data. Projections are baselined on data from IMF Outlook from October 2024. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from August 2023 to July 2024. See appendix for detailed methodology. OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.



The continued growth of Muslim consumer spending on cosmetics, which reached US\$ 87 billion in 2023, underscores the sustained global interest in halal-certified beauty products, driven by rising awareness among both Muslim-majority and non-majority countries. This reflects an increase of 2.9% from US\$ 84 billion in 2022, with India maintaining its lead position, Türkiye moving up to second, and Indonesia occupying third place. By 2028, the market is projected to reach US\$ 118 billion, growing at a CAGR of 6.3%.

In parallel with market growth, East Asian cosmetics brands, particularly from China and South Korea, significantly influence the global halal cosmetics market. Chinese brands like SHEGLAM and retail giants such as KKV Group have rapidly expanded their presence in Muslim markets, benefiting from affordability and appealing packaging. Concurrently, South Korean companies are enhancing their halal credentials through strategic partnerships and certifications to strengthen their foothold in the Muslim market, supported by recent free trade agreements with the GCC.

Complementing East Asia's influence, Saudi Arabia is emerging as a prominent hub for beauty and fragrance investments, highlighted by successful IPOs such as Al Majed for Oud and online cosmetics retailer Nice One. This investment activity, including strategic stakes acquired by Jadwa Investment and the Public Investment Fund's backing of halal cosmetics companies, illustrates Saudi Arabia's robust growth and strategic focus on the halal cosmetics sector.

Supporting this expansion, the industry continues to move towards sustainability, with companies investing in circular beauty practices. Indonesia's ERHA introduced the country's first Cosmetics Reverse Vending Machine to tackle packaging waste. Major global players like L'Oréal and Kiehl's are enhancing their supply chains and sustainability initiatives, aiming to significantly reduce their environmental impact and meet rising consumer demand for sustainable practices.

Addressing another critical issue, OIC nations have

intensified regulatory actions and enforcement to counteract the proliferation of counterfeit cosmetics. Notable seizures in the UAE, Saudi Arabia, Nigeria, and Indonesia demonstrate increased vigilance against illicit products, safeguarding consumer health and market integrity. Meanwhile, updated regulatory frameworks in countries like Malaysia, Indonesia, Thailand, and the EU are enhancing transparency, quality, and safety standards for cosmetics.

Social impacts, such as consumer boycotts, particularly related to geopolitical issues, continue shaping purchasing behavior within Muslim markets. Brands such as UAE-based Magically Holistic have seen significant sales increases as consumers seek ethical alternatives. Furthermore, the growing trend towards inclusive beauty, reflected in rising demand for gender-neutral and unisex products, presents significant market opportunities for halal brands.

Driving further innovation in the sector, advanced technologies, notably AI, enhance personalization and product differentiation. Companies like Cosmax and Unilever are developing AI-based solutions to improve consumer experience, while brands such as Wardah leverage AI for personalized beauty recommendations, highlighting technology's expanding role in shaping the halal cosmetics industry.

Overall, the continued evolution in consumer preferences, investment dynamics, regulatory enhancements, and technological advancements positions the halal cosmetics sector for sustained growth and increased global integration.

# Sector Developments (2023/24)

## REVENUE DEVELOPMENTS

Chinese skincare and cosmetics brands are gaining growing demand among the younger generation. Meanwhile, Saudi Arabia's beauty industry is also expanding, supported by a growing demand and strong funding ecosystem.

### Latest projections

In 2023, Muslim consumer spending on cosmetics reached US\$ 87 billion, growing by 2.9% from US\$ 84 billion in 2022. India remains the country with the largest Muslim consumer spending on cosmetics. Türkiye has moved up to the second position, with Indonesia moving down to the third position. By 2028, Muslim consumer spending on cosmetics is set to reach US\$ 118 billion, growing at a CAGR of 6.3%.

*Note: This does not represent the actual value of 'halal-certified' cosmetics consumption. Rather, it represents the core addressable Muslim consumer market spending in the cosmetics category.*

### Updates on revenue developments

**Despite lacking halal certification, rising Chinese skincare and cosmetics brands are gaining traction in Muslim markets. Their affordability and visually appealing packaging appeal particularly to Gen Z consumers.**

- The Institute for Development of Economics and Finance (INDEF) reports that 50% of products in Indonesia's marketplace are imported from China.<sup>517</sup>

- Chinese retail giant KKV Group plans to expand with 10 new stores in Malaysia, targeting 200 across Southeast Asia in the next three years.<sup>518</sup> KKV's approach offers an extensive collection of over 20,000 SKUs, including food, stationery, clothing, skincare, makeup, and beauty tools.<sup>519</sup>
- China's cosmetics firms are featured in Beauty West Africa 2024, Africa's largest trade show in the beauty industry. Over 50 Chinese companies will showcase thousands of beauty and personal care products.<sup>520</sup>
- The Chinese cosmetics brand SHEGLAM has strong traction in the Middle East, with 140 stores across the GCC. Its top markets include the UAE, Oman, Qatar, and Kuwait.<sup>521</sup>

**Saudi beauty and fragrance investment is growing, with notable IPOs shaping a growing market.**

- Leading Saudi perfume brand Arabian Oud, which holds an 11% market share, plans to go public in Saudi Arabia in 2025.<sup>522</sup>
- Al Majed for Oud sold out its US\$ 188 million IPO within a few hours.<sup>523</sup>
- Saudi Arabia's Jadwa Investment acquired a 35% equity stake in Kuwait's Gissah Perfumes, with plans for a listing on the Saudi Arabian bourse.<sup>524</sup>
- PIF's Halal Product Development Company invested in Believe, a Singapore-based halal cosmetics firm, to localize the Kingdom's cosmetics industry.<sup>525</sup>
- Online cosmetics retailer Nice One, based in Saudi Arabia, soared 30% in its debut US\$ 320 million IPO.<sup>526</sup>

## Investment summary

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ 000s)
Indonesia	VC	Rose All day	5,410
Indonesia	VC	EQSA	4,000
Saudi Arabia	VC	Glamera	350
Türkiye	PE	Joseph Shining	250

## OPERATIONAL DEVELOPMENT

Companies have integrated sustainability into their supply chain ecosystems, including managing packaging waste. Some major brands have also moved parts of their supply chain to China due to lower costs and a large consumer market.

**Upcycled and circular beauty are developing trends. More progress is being made in sustainable supply chains, adding value for consumers.**

- ERHA released Indonesia's first cosmetics recycling machine, claimed to be the first Cosmetics Reverse Vending Machine in the country, aimed at reducing plastic waste from cosmetics packaging.<sup>527</sup>
- In collaboration with Chenavari Investment Managers, L'Oréal launched a fund to help suppliers transition towards sustainability. The initial EUR 50 million fund will provide SMEs with easier financial access to become more sustainable.<sup>528</sup>
- Kiehl's, Sephora, and Ulta are laying further groundwork to reduce the beauty industry's massive plastic footprint.<sup>529</sup>

**Companies are expanding their supply chains to China for greater resilience and to tap into China's domestic market.**

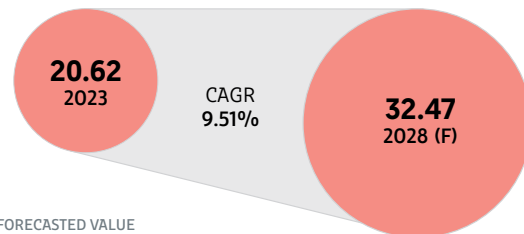
- L'Oréal is strengthening its supply chain in China to build resilience and reduce disruption risks. The company has projects in Suzhou and Yichang and has started using Guangzhou as a port after previously relying too much on Shanghai, which experienced severe slowdowns during COVID-19 lockdowns.<sup>530</sup>
- Global leading cosmetics manufacturer Cosmax has completed Asia's largest cosmetic plant in China. The company's initial plan is to produce five million units of cosmetics per month, gradually increasing production to 30 million units monthly.<sup>531</sup>
- U.S. multilevel marketing company NU Skin has opened a US\$ 55 million manufacturing facility in China.<sup>532</sup>



CREDIT/SHUTTERSTOCK

## OIC HALAL COSMETICS IMPORTS AND GROWTH [2023-2028]

US\$ BILLION



\*(F): FORECASTED VALUE

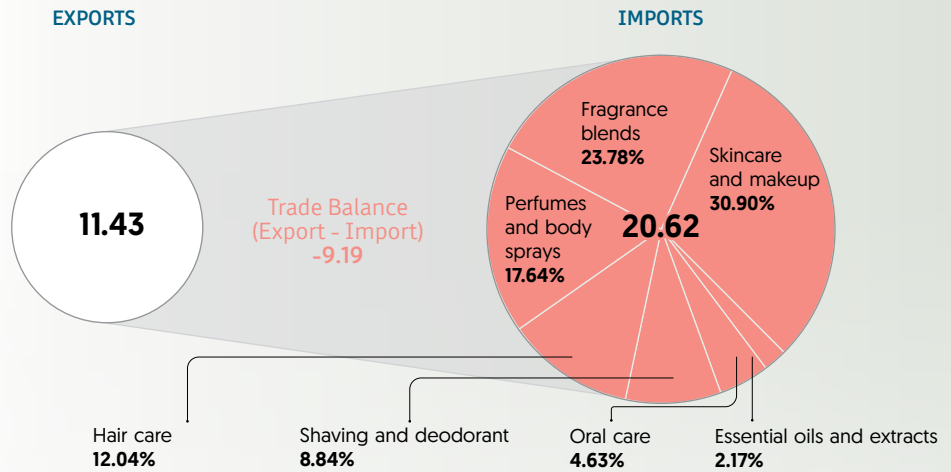
## NATIONAL/TRADE DEVELOPMENT

Total OIC cosmetics imports amounted to US\$ 20.62 billion in 2023, marking an 11.31% increase from US\$ 18.29 billion in 2022. The largest imported products were skincare and makeup (30.90%), followed by fragrance blends (23.78%) and perfumes and body sprays (17.64%). Rising women's economic participation in MENA, growth in digital commerce, and increasing awareness of personal care have all contributed to higher demand in OIC countries. Over the next five years, imports are projected to reach US\$ 32.47 billion by 2028, with a CAGR of 9.51%.

The United Arab Emirates, Saudi Arabia, and Türkiye led OIC cosmetics imports with US\$ 4.62 billion, US\$ 2.52 billion, and US\$ 2.01 billion, respectively. The UAE's high

import volume reflects its key role as a re-export hub, distributing cosmetics to other OIC countries. Notably, imports of fragrance and perfume products are increasing to meet rising consumer demand, especially in the Gulf region. Major MENA e-commerce platforms specializing in perfumes, such as Golden Scent, are expanding local consumer access to a wide range of fragrance products.

France was the top supplying market in 2023, with exports worth US\$ 3.88 billion. The UAE and the U.S. followed with US\$ 1.70 billion and US\$ 1.32 billion, respectively. France benefits from strong branding, R&D, and manufacturing capabilities. It is home to many global perfume and cosmetics brands, with notable exports to the UAE, Türkiye, and several North African countries.



### TOP EXPORTERS TO OIC

US\$ BILLION (2023)

France	3.88
United Arab Emirates	1.70
United States of America	1.32
Italy	1.20
Germany	1.19
China	1.17
Spain	0.93
India	0.73
Singapore	0.66
Türkiye	0.65

■ OIC countries

### TOP OIC IMPORTERS

US\$ BILLION (2023)

United Arab Emirates	4.62
Saudi Arabia	2.52
Türkiye	2.01
Indonesia	1.38
Malaysia	1.30
Iraq	0.92
Kuwait	0.84
Kazakhstan	0.75
Morocco	0.50
Oman	0.42

The GCC has become an attractive region for expansion due to the rising demand for beauty products. South Korea is active in halal by building halal policies to unlock the global Muslim trade potential.

#### The vibrant GCC cosmetics industry is growing, providing new emerging market opportunities.

- Watsons, Asia's largest beauty and health retailer, plans to launch in two more GCC markets after securing 53% sales growth in the region in 2023. Already present in the UAE, Saudi Arabia, and Qatar through a franchise deal with Al-Futtaim Group, Watsons targets expansion into Bahrain and Kuwait.<sup>533</sup>
- Flormar seeks to expand its footprint in Saudi Arabia to meet the growing beauty market demand. The company plans to triple the number of its stores in Saudi Arabia over the next four to five years.<sup>534</sup>
- Beautyworld Middle East set a record for visitor numbers, welcoming over 70,000 people over three days. It has become the region's most significant trade show for local and international beauty networks.<sup>535</sup>



*Global outreach for bigger brands should expand the market including the GCC and beyond. We see that consumers globally are more open to Islam. Many public figures raising awareness about it which impacts the halal-conscious markets."*

**AKMAL DAFFARI, CHANNEL DEVELOPMENT MANAGER, PARAGONCORP**

#### Korea's cosmetics brands are building their capacity and partnerships to certify their brands and tap deeper into the Muslim market.

- South Korea's Ministry of Food and Drug Safety (MFDS) is strengthening collaboration with the Korean Institute of Halal Industry. MFDS will provide online training on halal cosmetics certification and licensing

procedures for businesses seeking to enter the halal market.<sup>536</sup>

- Indonesia's Ministry of Religious Affairs signed an MoU on halal product assurance with the Ministry of Agriculture, Rural Affairs, and Food.<sup>537</sup>
- South Korea has struck a free trade agreement with the GCC, paving the way for increased trade. Under the agreement, Korea will eliminate tariffs on 89.9% of GCC-imported items, while the GCC will remove tariffs on 76.4% of Korean products, including 4.1% of goods traded. Korea expects significant growth in defense, biotech, healthcare, cosmetics, and food industries.<sup>538</sup>

## ECOSYSTEM DEVELOPMENT

Countries are updating their regulations to protect consumers and the environment in sustainable and transparent ways. Local authorities are also launching campaigns against counterfeit cosmetics.

### Regulatory updates to the refill cosmetic regulation ensure real, sustainable progress.

- Indonesia has proposed amendments to cosmetics labeling requirements. The amended draft specifies mandatory labeling for refillable cosmetics, extending the scope to cover additional details for enhanced labeling standards.<sup>539</sup>
- Thailand's Food and Drug Administration (FDA) has issued regulations for cosmetics refill stations. Manufacturers and importers looking to set up refill stations must obtain pre-approval from the FDA. Bulk and refillable cosmetics must have labels with specific information and comply with current cosmetic labeling regulations.<sup>540</sup>
- The European Union has published an amendment to its Classification, Labeling, and Packaging (CLP) regulations. Major updates include product transparency in digital labeling and e-commerce.<sup>541</sup>

### OIC local authorities execute campaigns against counterfeit cosmetics, strengthening customer protection.

- Authorities seized 65,000 fake cosmetics and other items worth Dh 23 million in the UAE.<sup>542</sup>
- Saudi FDA confiscated 365,000 unregistered cosmetics and food items from a facility in Qatif after tracing unlicensed products sold online to a residential property. Under Article 34 of the Cosmetics Law, manufacturers and distributors of illegal goods face fines of up to SR 5 million or five years in prison.<sup>543</sup>
- Nigeria's NAFDAC seized counterfeit cosmetics worth ₦ 37 million in Abuja. The agency has intensified its campaign against counterfeit cosmetics, conducting investigations at supermarkets and open markets, including Wuse and Garki.<sup>544</sup>
- Indonesia's BPOM found 51,000 illegal cosmetics in 751 beauty clinics and blocked over 100,000 links selling illegal cosmetics from 2023 to February 2024.<sup>545</sup>

### New bodies and harmonization launched in OIC countries to enhance customer value and protection.

- The UAE cabinet established the Emirates Drug Corporation (EDC) in September 2023, replacing the Ministry of Health and Prevention (MOHAP) as the independent regulator for pharmaceuticals, medical devices, cosmetics, dietary supplements, and agricultural products.<sup>546</sup>
- Malaysia revised its cosmetics regulations to comply with the ASEAN Cosmetics Directive (ACD), adding 19 prohibited substances, including Vinyl Acetate, 2-Chloroacetamide, and Acetaldehyde.<sup>547</sup>
- The Pakistan government is exploring a plan to consolidate food, pesticides, and cosmetics to ensure compliance with global quality and safety benchmarks. The initiative will replace the Drug Regulatory Authority of Pakistan (DRAP).<sup>548</sup>

## SOCIAL IMPACT DEVELOPMENT

Amid ongoing conflict, Muslim consumers continue to boycott products from global beauty brands. This movement is especially driven by social media campaigns among the younger generation. Meanwhile, inclusive beauty is also growing, with brands launching product lines to cater to a more diverse and wider range of consumers.

### Despite declining sentiment, boycotts continue to influence Muslim purchasing decisions in beauty products.

- Following Starbucks and McDonald's, Asia's anti-Israel boycott has expanded to Western beauty products. In Indonesia, French cosmetics giant L'Oréal and The Body Shop are experiencing boycotts, with rising demand for Chinese and local alternatives.<sup>549</sup>
- The Gaza boycott has also increased sales for beauty brands, including UAE-based Magically Holistic, which saw a 23% rise in sales over the past two quarters.<sup>550</sup>
- The "All Eyes on Rafah" campaign has further fueled boycott effects, impacting fast-moving consumer goods, including beauty products, on e-commerce platforms in Indonesia. Data shows that six out of 10 top-selling beauty brands are now local products.<sup>551</sup>

### Inclusive beauty for skin, and also unisex, is growing.

- Sephora and TikTok are partnering to help beauty marketers create more inclusive branded content. This year, the initiative focuses on matching brands with musical artists to produce popular songs that can be used in TikTok videos. This marks the second year of collaboration aimed at helping beauty brands develop better and more inclusive branded content with creators.<sup>552</sup>
- Google's report shows that search interest for "unisex perfume" has increased by 53% in MENA.<sup>553</sup>
- L'Oréal USA has launched the second edition of its Inclusive Beauty Fund, helping small beauty businesses across the United States to grow.<sup>554</sup>



BY SHUTTERSTOCK

CREDIT/SHUTTERSTOCK

## INNOVATION DEVELOPMENT

Leveraging AI, beauty brands create more personalized color options. Artificial intelligence also boosts fragrance product development, helping build more authentic scents.

**Beauty brands innovate by using emerging technologies to create personalized and more varied color options.**

- Cosmax, South Korea's largest e-commerce manufacturer specializing in Original Design Manufacturing (ODM), developed a smart color-matching AI system. It uses deep learning technology to convert all human-perceivable colors into data. By quantifying differences in color, researchers can predict the color of new formulations without conducting direct experiments. The new AI color-matching system will first be applied to color-sensitive products like eyeshadow and blush.<sup>555</sup>
- Unilever unveiled consumer AI tools for differentiation in beauty brands. This technology helps consumers personalize products, drive differentiation, and boost sales of its beauty brands, resulting in a 43% increase in purchase completions.<sup>556</sup>
- Wardah launched the Colourverse event, which integrates beauty innovation with art, science, and tech-

nology for personal color analysis using AI. This technology assesses three major parameters: hue (warm and cool undertones), saturation (vivid and muted), and brightness (light and deep). Wardah Colourverse is supported by Wardah Color Intelligence, an AI-powered personal color analysis tool, making it the first Beauty AI in Southeast Asia.<sup>557</sup>

**Innovation leveraging AI for fragrance product development, experience, and authentication.**

- Global gifting marketplace Flowwow launched the first AI-created "UAE Scents" collection to celebrate UAE National Day. It leverages ChatGPT to generate ways to capture the individuality of each Emirate.<sup>558</sup>
- Bath & Body Works launched a generative AI fragrance finder called Gingham Genius. The fragrance finder features a conversational interface where customers can describe scents or candles, and the tool will provide personalized recommendations.<sup>559</sup>
- US startup Osmo has launched an AI-powered scent sensor to authenticate products differently from barcodes and RFID tags. The technology can be used to spot fake products.<sup>560</sup>

# SIGNALS OF OPPORTUNITIES



IMPACT: +Low \* Moderate \* High

MATURITY:  Early  Intermediate  Mature

1

## The rise of Chinese skincare and cosmetics

With its robust supply chain and affordable pricing, Chinese beauty brands are expanding their global presence. They are penetrating markets aggressively, especially through e-commerce in Southeast Asia and the GCC.

Impact \* Maturity

2

## Saudi Arabia's expanding beauty and fragrance industry

Saudi Arabia is experiencing a surge in beauty and fragrance investments. A recent IPO for a Saudi perfume maker raised USD 188 million within hours, while acquisitions such as Jadwa's stake in Gissah Perfumes highlight increased investor interest.

Impact \* Maturity

3

## The progress towards sustainable beauty with upcycled and circular cosmetics

Leading beauty companies are developing eco-friendly packaging and investing in sustainability programs to reduce environmental impact. This eco-friendly approach works effectively with the positioning of products that are natural, ethical, and halal, resonating well with conscious consumers.

Impact \* Maturity

4

## The rising threat of counterfeit cosmetics

Counterfeit beauty products are a growing concern, with authorities in the UAE seizing fake cosmetics worth millions of dollars and Nigeria's NAFDAC intercepting counterfeit products. These products pose risks not only to consumer health but also to the broader ecosystem that supports original and innovative product launches.

Impact \* Maturity

5

## How the Israel boycott is reshaping the beauty industry

The ongoing boycott of Israeli-linked brands in Asia and the Middle East has led to shifts in consumer preferences, with growing demand for beauty products from alternative sources. Consumers are increasingly aligning their values with the products they choose to purchase.

Impact \* Maturity

# Strategic Considerations by Stakeholders

China's products are becoming an increasingly important part of the global supply chain for cosmetics in OIC countries. Amid rising competition, halal certification alone is no longer sufficient, as consumers increasingly seek tangible value beyond halal. Sustainability and inclusivity are also becoming key factors to integrate into halal cosmetic strategies. Robust regulations on halal standards, sustainability, and fair competition are essential for building an ethical and sustainable ecosystem.

## INVESTORS

### OPPORTUNITIES

1

#### **Establish joint ventures with Chinese brands looking for halal certification to manufacture within OIC countries**

Joint ventures between Chinese beauty brands and OIC-based manufacturers present a strategic opportunity to combine China's advanced cosmetics expertise with OIC countries' halal certification capabilities. As Chinese brands expand globally, they face increasing demand for halal-certified beauty products, particularly in Southeast Asia, the Middle East, and North Africa. By setting up manufacturing hubs within OIC nations, Chinese brands can streamline halal certification, reduce trade barriers, and benefit from localized incentives. Meanwhile, OIC countries can strengthen their domestic beauty industries, create jobs, and establish themselves as global halal beauty hubs.

#### **Relevant developments & precedents:**

- SHEGLAM, a leading Chinese beauty brand, has experienced rapid growth in the GCC, signaling rising demand for Chinese-made halal-certified cosmetics.
- Chinese manufacturers have been actively seeking halal certification from Malaysia's JAKIM and Indonesia's MUI, two of the most recognized halal certification bodies in the beauty industry.
- Saudi Arabia's Public Investment Fund (PIF) acquired stakes in a Singaporean beauty company to localize beauty manufacturing for the Kingdom.

#### **Potential outcomes by 2035:**

- Countries like Malaysia, Saudi Arabia, UAE, and Indonesia will become leading production centers for halal beauty, attracting FDI from Chinese brands and other global investors. Setting up manufacturing plants within OIC countries could generate tens of thousands of jobs, supporting economic diversification efforts.

2

#### **Back blockchain-based halal authentication and traceability solutions to safeguard market integrity from counterfeit products**

Counterfeit beauty products pose a serious threat to consumer health and brand integrity, particularly in the halal cosmetics market, where authenticity is crit-

ical. Fake cosmetics not only violate halal compliance but also contain harmful ingredients that damage consumer trust in halal-certified brands. Blockchain-based halal authentication and traceability solutions offer a powerful way to protect market integrity by enabling transparent, tamper-proof tracking of beauty products from manufacturing to retail.

### Relevant Developments & Precedents:

- Authorities in the UAE have seized millions of dollars worth of counterfeit beauty products, leading to calls for advanced digital tracking solutions to combat the illicit market.
- Estée Lauder, the global beauty giant, implemented blockchain to track the origins of key ingredients, setting a precedent for halal cosmetics brands to do the same for halal compliance.

### Potential outcomes by 2035:

- A global blockchain network for halal cosmetics could reduce counterfeit halal products, safeguarding consumer health and trust. Every halal beauty product will have a scannable QR code linked to blockchain records, allowing instant verification of halal certification and ingredient sourcing. A shared blockchain system among halal certifiers like JAKIM (Malaysia), BPJPH (Indonesia), ESMA (UAE), SFDA (Saudi Arabia), and GAC (China) will create a unified halal beauty certification framework.

## CHALLENGES

1

### Deteriorating investment portfolio amid geopolitical concerns and unclear regulations, especially in IP protection.

Some Muslim countries are still struggling with geopolitical instability and immature regulatory frameworks, particularly in intellectual property (IP) protection.

As a result, investing in brands carries certain risks.

#### Risk:

- Limited returns to investment due to risks of counterfeiting and constrained market potential stemming from geopolitical concerns.

## GOVERNMENTS

## OPPORTUNITIES

1

### Establish a unified halal beauty standard across OIC countries to ease market access and facilitate global exports

The lack of a unified halal beauty standard across OIC countries is a major barrier to market access, regulatory compliance, and global exports. Currently, different halal certification bodies each have varying requirements and procedures, making it complex and costly for beauty brands to obtain certification for multiple markets. By establishing a single, standardized halal beauty framework across OIC nations, businesses can reduce compliance costs, accelerate time-to-market, and strengthen the credibility of halal-certified cosmetics worldwide. A unified standard will also facilitate trade among OIC countries, attract more foreign investment, and position the OIC as the global hub

for halal beauty products.

#### Relevant Developments & Precedents:

- The OIC established SMIIC to harmonize halal standards across member states, but its implementation in the beauty sector remains fragmented.
- ASEAN countries, led by Malaysia and Indonesia, are working on a regional halal framework, which could serve as a blueprint for broader OIC implementation.

#### Potential outcomes by 2035:

- A single halal beauty certification process will allow brands to enter multiple OIC markets simultaneously, reducing approval times from months to weeks. With a streamlined certification process, OIC countries will attract more halal beauty manufacturers, positioning themselves as global leaders in halal cosmetics production and exports.

2

### Offer tax incentives and subsidies for foreign beauty brands to set up manufacturing in OIC nations

To position OIC countries as global halal beauty manufacturing hubs, governments must offer tax incentives

and subsidies that attract foreign beauty brands to set up production facilities within their markets. Many international brands, including Chinese, Korean, and Western beauty companies, are looking to expand into the rapidly growing halal beauty segment but face high

operational costs, regulatory complexities, and supply chain challenges. By reducing corporate taxes, offering investment grants, and subsidizing halal certification fees, OIC nations can lower entry barriers and create a competitive advantage for international beauty brands.

**Relevant Developments & Precedents:**

- Malaysia offers tax breaks and incentives to halal-certified manufacturers, with dedicated halal industrial parks, such as Halmas Halal Park, that reduce operational costs for foreign investors.

**3**

**Incentivize eco-friendly packaging & upcycled ingredients with grants or tax reductions**

As sustainability becomes a key driver of consumer preferences, the beauty industry is rapidly shifting toward eco-friendly packaging and upcycled ingredients. OIC countries have an opportunity to lead in halal-certified sustainable beauty by offering grants, tax reductions, and investment incentives to encourage brands to adopt biodegradable packaging, reduce plastic waste, and incorporate upcycled natural ingredients. These incentives will lower production costs for sustainable beauty brands, accelerate innovation in halal-certified green cosmetics, and position OIC countries as global leaders in ethical and environmentally responsible beauty products.

- The UAE’s Jebel Ali Free Zone (JAFZA) and Dubai Industrial City provide corporate tax breaks, duty-free imports, and business-friendly regulations, attracting beauty manufacturers looking to serve the GCC.

**Potential outcomes by 2035:**

- With lower production costs and stronger infrastructure, OIC nations could export halal beauty products to Western, Asian, and African markets, capturing a significant share of the halal beauty industry.

**Relevant Developments & Precedents:**

- Indonesia’s ERHA launched a cosmetic packaging recycling program, demonstrating how government-backed sustainability initiatives can integrate with the beauty sector.
- Global beauty giants (Estee Lauder, L’oreal, Unilever) have committed to 100% recyclable or refillable packaging by 2030, indicating that regulatory incentives in OIC nations could attract large-scale sustainable investments.

**Potential outcomes by 2035:**

- Expansion of halal-certified upcycled ingredients from local date palms, coconut waste, argan oil byproducts, and rice bran, boosting agriculture-driven halal cosmetics. Additionally, OIC-certified halal beauty brands will become the preferred choice for ethical consumers worldwide, driving higher exports and premium pricing.

**C H A L L E N G E S**

**1**

**Greenwashing and ethical-washing without genuine commitment to sustainable and ethical beauty.**

As sustainability and ethical practices become growing consumer concerns, many brands are jumping on the trend to win consumer loyalty—and even to gain government incentives and support. However, in the

absence of clear standards in the industry, this could undermine not only consumer protection but also the overall growth and healthy competition in the beauty sector.

**Risk:**

- Ethical and sustainable beauty risks becoming a marketing jargon with no real substance.

OPPORTUNITIES

1

**Work with Chinese skincare and cosmetics brands to develop co-branded halal-certified products for OIC markets**

Collaborating with Chinese skincare and cosmetics brands to develop co-branded halal-certified beauty products presents a significant opportunity for OIC nations to expand their halal beauty market while leveraging China’s advanced R&D capabilities, production efficiency, and global distribution networks. Chinese brands are actively seeking entry into halal-conscious markets such as Southeast Asia, the Middle East, and North Africa, but many lack the expertise and certification to fully comply with halal beauty standards. By forming joint ventures or co-branding initiatives, OIC beauty brands can help Chinese companies integrate halal certification into their supply chains, ensuring compliance with Islamic principles while expanding their presence in the booming global halal beauty sector.

**Relevant Developments & Precedents:**

- Among major Indonesian cosmetics (i.e. Glad2glow

and Skintific) is a co-brand of a Chinese manufacturer

- SHEGLAM, a leading Chinese beauty brand, has experienced rapid growth in the GCC, signaling rising demand for Chinese-made halal-certified cosmetics.
- Chinese manufacturers have been actively seeking halal certification from Malaysia’s JAKIM and Indonesia’s MUI, two of the most recognized halal certification bodies in the beauty industry.

**Potential outcomes by 2035:**

- Co-branding with Chinese firms will accelerate halal beauty sales, tapping into China’s manufacturing power and OIC’s halal expertise. With OIC collaboration, China could become one of the largest manufacturers of halal beauty products, supplying halal-certified skincare and cosmetics globally. Chinese firms’ investment in biotech skincare and OIC halal compliance expertise will lead to the development of cutting-edge halal-certified beauty products, such as anti-aging halal serums, plant-based collagen, and halal biotech skincare.

2

**Develop inclusive halal beauty lines targeting both men and women, as demand grows for unisex skincare and fragrances**

The demand for gender-neutral beauty products is growing rapidly, with consumers increasingly favoring inclusive, unisex skincare and fragrances. In halal beauty markets, this presents a unique opportunity to develop halal-certified unisex beauty lines that cater to both men and women while maintaining compliance with Islamic principles. Traditionally, beauty brands have focused on gender-segregated marketing, but shifts in consumer behavior—driven by minimalist skincare trends, shared grooming products, and ethical formulations—are changing the landscape. By developing inclusive halal beauty lines, OIC beauty brands can expand their consumer base, appeal to younger

generations, and compete with Western brands that are leading in the gender-neutral space.

**Relevant Developments & Precedents:**

- Google Trends data shows a significant 53% increase in interest for gender-neutral fragrances, indicating strong market demand
- South Korea has seen a surge in male skincare adoption, leading to a crossover trend where both men and women use the same beauty products.

**Potential outcomes by 2035:**

- Simplified skincare routines with multi-functional, gender-neutral products will become the norm, driving higher product adoption in urban and emerging markets. Inclusive beauty products streamline product lines, reducing waste, excess packaging, and overall consumer spending, making halal beauty more accessible.

CHALLENGES

1

**Local players struggle to grow amid rapid competition from imported products.**

With the rise of Korean, Chinese, and other international skincare brands, local players may find it difficult to unlock their full growth potential without a strong value proposition. Halal brands should not rely solely on halal compliance as their differentiator but must also offer real, competitive value in a crowded

market. Joint ventures should be structured fairly to complement each party’s strengths and enhance mutual competitiveness.

**Risk:**

- Local halal brands fail to scale, leading to the dominance of foreign brands and limited contribution to the growth of the local economy.

2

**The halal cosmetics business community is limited in Muslim-minority markets.**

As halal cosmetics are still in the early stages of development, entrepreneurs need strong support in networking and capacity building to align their strategy and execution with a halal perspective.

Especially in Muslim-minority markets, access to this kind of community remains limited.

**Risk:**

- Halal entrepreneurs are difficult to scale and have low capacity to leverage halal values to consumers.

“

*In countries where Muslims are a minority like Japan, the halal business community is still limited. I've participated in several entrepreneurship events, but most are general and not specifically tailored to halal.”*

**SELLY SEPTIANI, FOUNDER OF HAJIME SKINCARE**



CREDIT/SHUTTERSTOCK

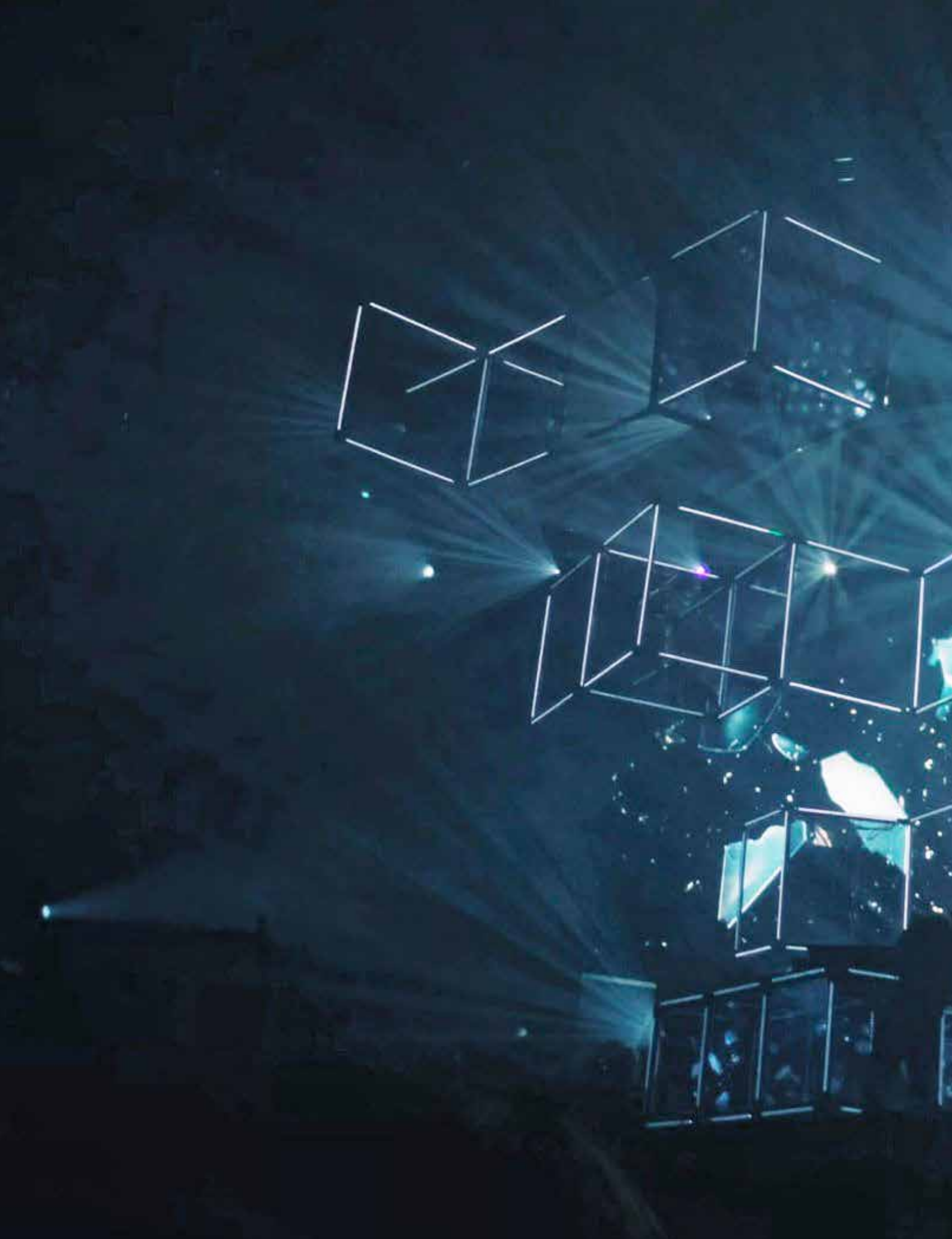
CHAPTER

11

**MEDIA  
AND RECREATION**









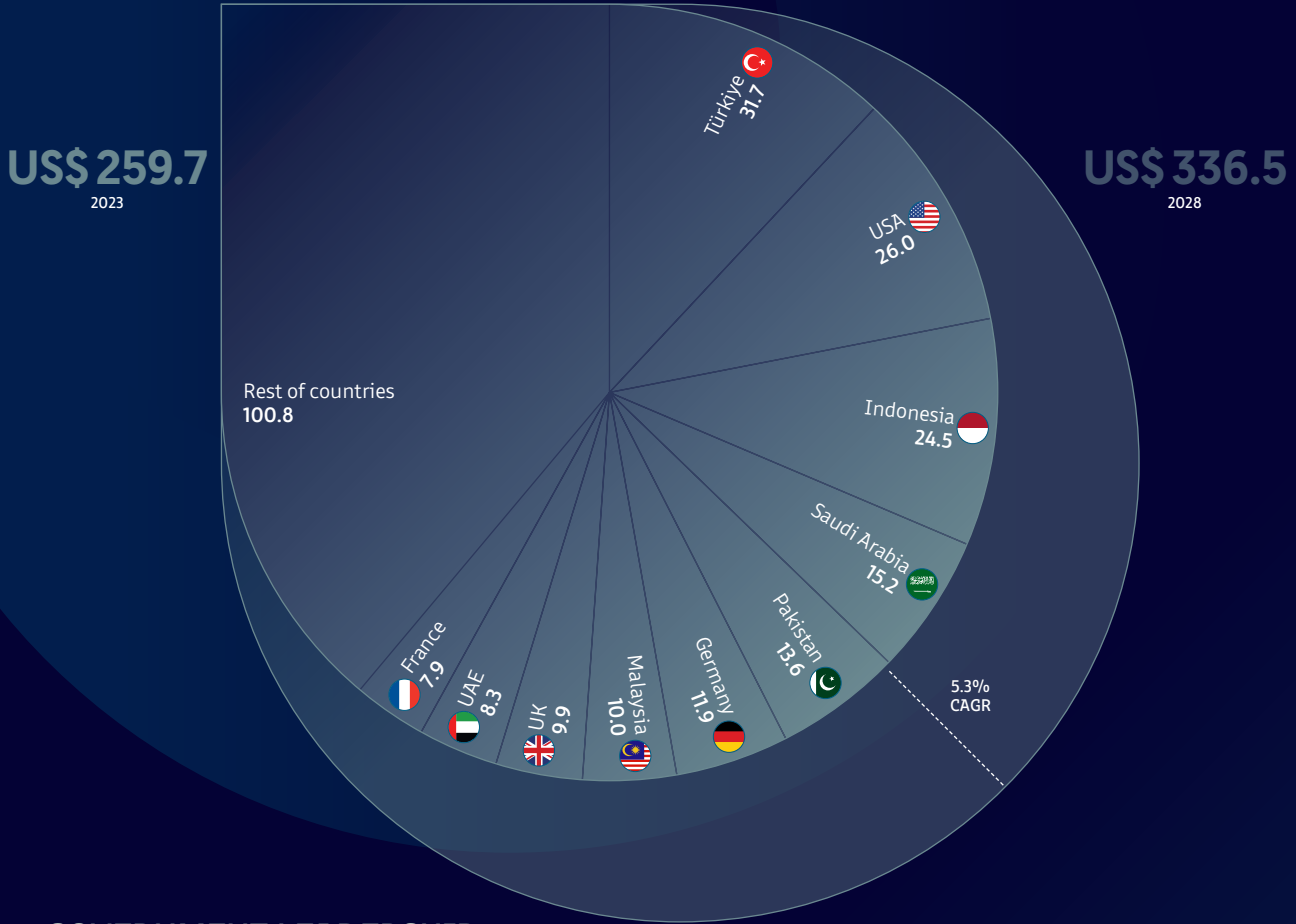


# MEDIA AND RECREATION

ALL FIGURES IN US\$ BILLIONS, UNLESS STATED OTHERWISE

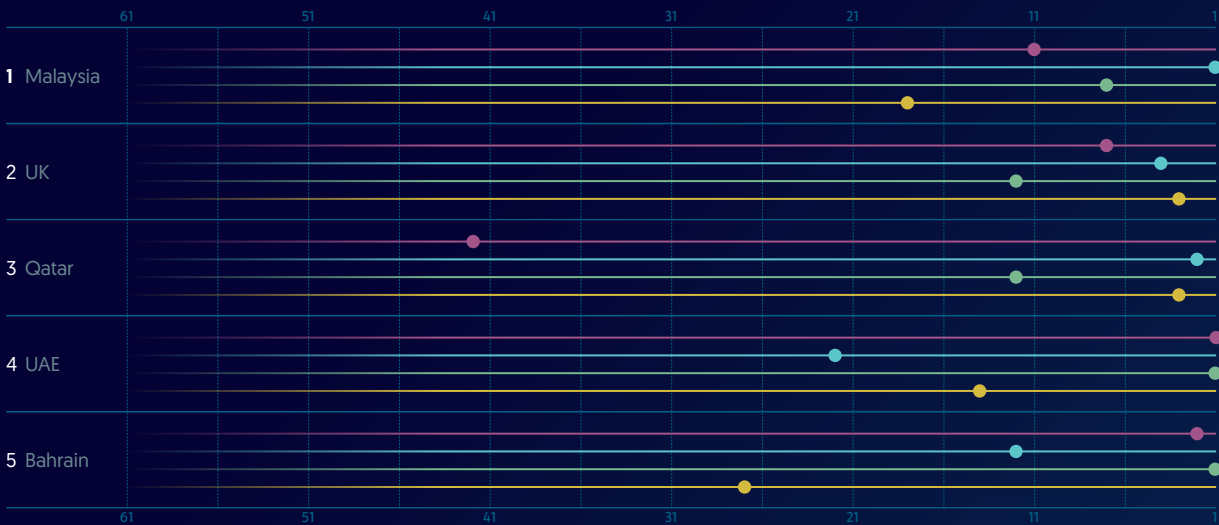
## SIZE OPPORTUNITY

Represented by **US\$ 259.7 billion** in Islamic finance assets globally [2023].



## GOVERNMENT LEADERSHIP

### MEDIA AND RECREATION - GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2024)



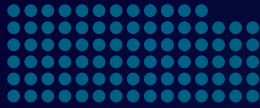
\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2023

# INVESTMENTS

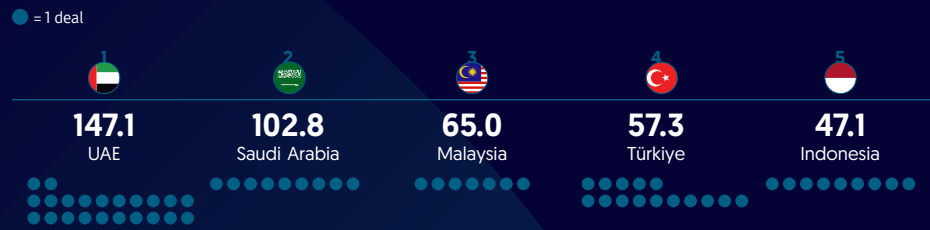
US\$ MILLION (2023/24)

## US\$ 451.3 million

Disclosed value for all 87 deals



### Top countries by total deal value and number of deals

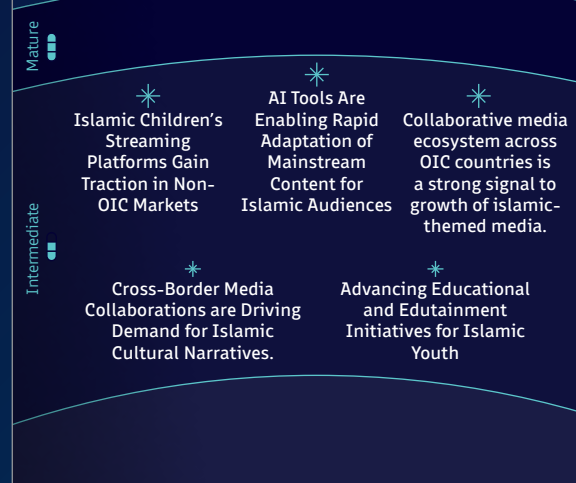


## KEY DEVELOPMENTS

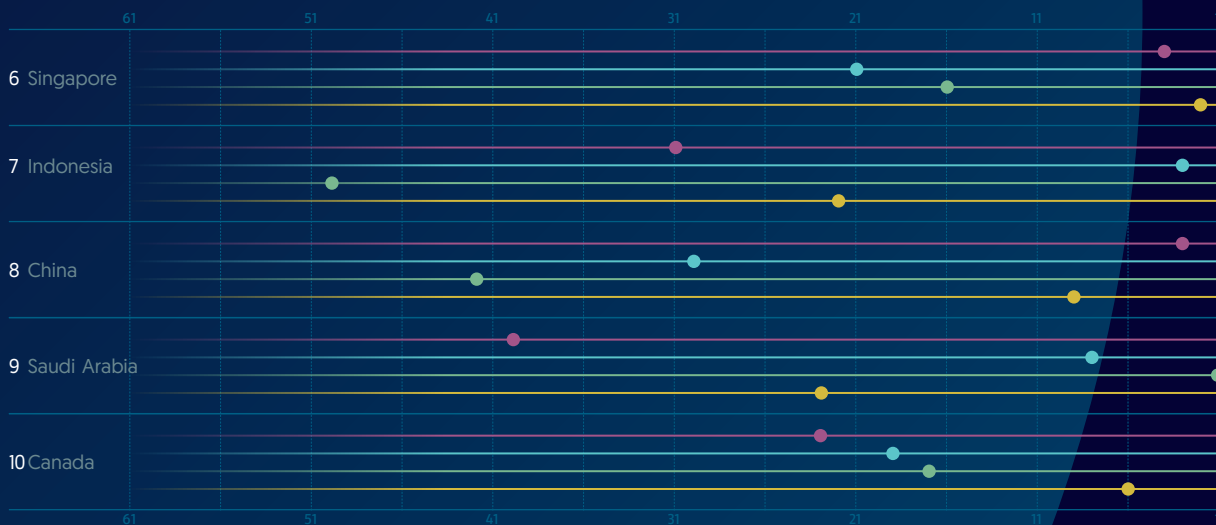
- HyperSpace secures US \$55 million to build immersive family entertainment venues.
- Saudi's US \$100 billion "Project Transcendence" seeks global AI-media leadership.
- Saudi Arabia opens an AI Centre for Media to automate Islamic content creation.
- Qalbox partnerships lift its library beyond 10,000 hours of Islamic content.
- Kuwait publishes a five-volume encyclopedia to weave Islamic principles into curricula.

## SIGNALS OF OPPORTUNITIES

IMPACT: + Low \* Moderate \* High



Financial Awareness Social Innovation



data. Projections are baselined on data from IMF Outlook from October 2024. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from August 2023 to July 2024. See appendix for detailed methodology. OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.



The halal media and recreation sector witnessed substantial growth in 2023, driven by significant investments, innovative content, and expanding consumer demand. Muslim consumer spending on media and recreation rose by 5.2%, reaching US\$ 260 billion, with Türkiye, the USA, and Indonesia leading the market. This growth is forecasted to continue, reaching US\$ 337 billion by 2028 at a CAGR of 5.3%.

Major investments highlighted the sector's momentum. Notable deals included UAE-based HyperSpace securing US\$ 55 million, Türkiye's Spyke Games raising US\$ 50 million, and Malaysia's Adilmart attracting US\$ 39 million. These investments reflect heightened investor confidence and the sector's potential to scale significantly.

Content innovation has flourished, particularly through strategic partnerships, enhancing educational and entertainment offerings for Muslim audiences. StarTimes introduced tailored Ramadan programming, resulting in a 15% subscriber increase, while Majid TV collaborated with TwelveP Animation to broadcast family-friendly Islamic-themed animated content. Additionally, Qalbox partnered with platforms like NoorKids, Durioo+, and Astro to significantly expand its educational offerings, resulting in a 30% growth in subscriptions and amassing a content library exceeding 10,000 hours.

Innovative products like Muslim Blocks, launched by UAE entrepreneur Abdellah Zejli, have successfully blended educational play with Islamic culture, gaining international popularity. Additionally, Saudi Arabia's ambitious "Project Transcendence," with a US\$ 100 billion investment, is set to position the nation as a global leader in AI and data analytics, including significant applications in the media sector. AI adoption is also accelerating in this sector. Media City Qatar's collaboration with Fadaat Media and Saudi Arabia's partnership with Qualcomm have introduced AI-driven content and advertising innovations. King Abdulaziz City for Science and Technology's partnership with Ericsson has established cutting-edge gaming research and development infrastructure.

Operationally, collaborations and initiatives are bolstering media capabilities and skills across regions. The UAE

Media Council partnered with Google for advanced media training, while Qatar Insurance Company's edutainment project at KidzMondo Doha combined education with entertainment to promote financial literacy among young audiences. Cross-border collaborations, such as those between Azerbaijan and Türkiye's media agencies, are promoting Islamic cultural narratives widely.

National strategies and trade developments have further bolstered the sector. Malaysia expressed intent to collaborate with Nigeria on Islamic media content, while Afghanistan significantly expanded its Islamic education infrastructure. Saudi Arabia launched the AI Centre for Media, and the UAE signed an MoU with Korea's Arte Museum, underscoring strategic international cooperation aimed at enriching Islamic-themed content.

The ecosystem has also been strengthened through policy and regulatory measures. Kuwait launched an extensive Islamic education encyclopedia, and Nigeria introduced digital regulatory reforms. Saudi Arabia's media strategy emphasized diversification of its non-oil economy, and the UAE enacted new media regulations to attract foreign investment while maintaining cultural integrity.

Social impact remains integral, exemplified by UNESCO's educational investment in Cameroon and Sharjah's Holy Quran TV launching multilingual content. The Islamic Development Bank's digital preservation projects for Islamic manuscripts further reinforce the sector's role in cultural conservation.

Overall, sustained investment, content innovation, and supportive regulatory frameworks are positioning the halal media and recreation sector for significant long-term growth, catering effectively to a global audience of Muslims.

# Sector Developments (2023/24)

## REVENUE DEVELOPMENTS

Major investments and new content offerings drive revenue growth in the Islamic-themed media sector, supported by innovative approaches to audience engagement.

### Latest projections

Spending on media and recreation by Muslim consumers increased by 5.2% in 2023, climbing to US\$ 260 billion from US\$ 247 billion in 2022. Türkiye, the USA, and Indonesia remain as the leading markets in Muslim consumer expenditure on media and recreation. By 2028, spending is expected to reach US\$ 337 billion by 2028 at a CAGR of 5.3%.

*Note: This does not represent the actual value of Islamic-themed or regulated media and recreation consumption. Rather, it represents the core addressable Muslim consumer market spending in the general media and recreation category.*

### Updates on revenue developments

- StarTimes launched new content tailored for Muslims during Ramadan, including discounts on recharge options to attract and retain customers. The campaign resulted in a 15% increase in subscriptions.<sup>561</sup>
- Majid TV, part of the Abu Dhabi Media Network, signed

an agreement with TwelveP Animation to broadcast animated series and films such as 'The Bananas,' 'Space Cadets,' and 'Detective Chirp & the Golden Beehive,' enriching family entertainment options. The initiative aims to capture younger audiences while promoting positive Islamic values.<sup>562</sup>

- Qalbox, a platform by the team behind Muslim Pro, partnered with NoorKids and Durioo+ to expand its educational and entertainment content for Muslim children globally. Its subscription base has grown by 30% since the partnerships were announced.<sup>563</sup>
- Qalbox also announced a strategic partnership with Astro to provide exclusive, culturally enriching content, enhancing its position in the streaming and broadcast market. The platform's content library now exceeds 10,000 hours of Islamic-themed programming, including documentaries on Islamic history, animated series for children, lectures by renowned scholars, and drama series that explore contemporary issues from an Islamic perspective. Notable additions include a series on the contributions of Islamic scientists and an animated show designed to teach Arabic to non-native speakers.<sup>564</sup>
- Abdellah Zejli, a UAE resident, launched Muslim Blocks, a line of interlocking brick toys resembling Islamic landmarks such as the Kaaba and Masjid Al Nabawi, fostering meaningful family engagement. The products are now distributed across 12 countries,

## Investment summary

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ 000S)
UAE	VC	HyperSpace	55,000
Türkiye	VC	Spyke Games	50,000
UAE	VC	True Games	45,000
Saudi Arabia	VC	Noon - The Social Learning Platform	40,800
Malaysia	PE	Adilmart	39,113

reflecting strong international demand.<sup>565</sup>

- Saudi Arabia unveiled the US\$ 100 billion “Project Transcendence” initiative to establish itself as a global leader in AI and data analytics, including significant applications in the media industry. The project’s first phase focuses on integrating AI into national broadcasting systems.<sup>566</sup>
- Indonesia banned e-commerce on social media platforms to protect small businesses, highlighting the intersection of policy and digital commerce in regional markets. This move impacts the distribution of Islamic-themed digital content, prompting local platforms to innovate alternative delivery methods.<sup>567</sup>
- NEOM Media has launched the ‘Publishing Partner Network’ as part of its ‘Level Up’ accelerator program to boost Saudi Arabia’s gaming ecosystem. The network includes partners Kwalee, Sandsoft, Tamatem Games, and Black Smoke Studios. This initiative aims to enhance NEOM Media’s startup portfolio by connecting them with global publishing companies. Collaborations with international publishers will help increase the visibility of these startups, attracting investors and talent to the region. This initiative aims to position NEOM Media as a leading force in the game development industry in Saudi Arabia and the broader MENA region.<sup>568</sup>

## OPERATIONAL DEVELOPMENTS

**Key initiatives and partnerships underscore the rapid evolution of Islamic-themed media and entertainment. These developments showcase the sector’s growing emphasis on capacity building, innovative content, and inclusivity.**

- The UAE Media Council, in collaboration with Google, concluded the first phase of the “Media Leadership Training Programme” at Google’s regional headquarters in Dubai Media City. The event, featuring over 50 media leaders and content creators, emphasized enhancing the skills of media professionals to keep pace with global trends. This initiative represents a significant investment in human capital and is set to expand into subsequent phases to address emerging challenges in media technology.<sup>569</sup>
- Qatar Insurance Company inaugurated its edutainment facility at KidzMondo Doha, introducing children to the insurance world in an engaging manner. By combining education with entertainment, this project enhances financial literacy among younger generations, fostering a culture of informed decision-making early on.<sup>570</sup>
- Miral, in partnership with Creative Lab – Creative Media Authority, hosted a Media Camp at SeaWorld@ Yas Island, Abu Dhabi, reinforcing its commitment to community engagement and environmental stewardship. This program included hands-on workshops on content creation and conservation storytelling, attracting a diverse audience of aspiring creators.<sup>571</sup>

- A collaborative media platform, launched by Azerbaijan’s Trend News Agency and Türkiye’s Albayrak Media Group, expanded to include state news agencies from Kazakhstan and Kyrgyzstan, promoting cross-border media collaboration. The initiative enhances the dissemination of Islamic cultural narratives and shared values across Turkic-speaking regions.<sup>572</sup>
- The Saudi Media Forum announced a strategic partnership with the International Broadcasting Convention (IBC), supported by the European Broadcasting Union, to enhance global communication and knowledge exchange. This collaboration includes the establishment of a Saudi Broadcasting Authority pavilion at IBC events in Amsterdam, aimed at fostering innovative broadcasting solutions.<sup>573</sup>
- The National Media Office and TRENDS Research launched a study, “The Role of Media Regulatory Institutions in the Age of Artificial Intelligence: Opportunities and Challenges,” at the 2024 Global Media Congress. It analyses AI’s significant impact on the media, focusing on opportunities and the regulatory challenges faced by Arab media institutions. Chairman Abdulla Al Hamed emphasized the UAE’s dedication to scientific research and the integration of media and research entities to tackle future challenges. Dr. Mohammed Al-Ali of TRENDS noted that the study aims to improve Arab media using AI while adhering to ethical standards.<sup>574</sup>

## NATIONAL/TRADE DEVELOPMENTS

**Islamic-themed media and entertainment are gaining traction through strategic collaborations and policy initiatives across various countries, demonstrating an increased focus on cultural and educational content.**

- Malaysia expressed interest in collaborating with Nigeria on religion and Islamic education, strengthening bilateral ties and fostering cultural exchange. The initiative includes potential joint ventures in media content production focused on Islamic teachings.<sup>575</sup>
- Over 21,200 Islamic education centers were established in Afghanistan, with 617,000 textbooks distributed, highlighting a commitment to advancing Islamic education. This development also underscores the role of education in combating misinformation and fostering community resilience.<sup>576</sup>
- The UAE Media Council signed an MoU with Korea’s Arte Museum to enhance collaboration in media arts and digital media training. This partnership aims to blend traditional Islamic art themes with modern digital interpretations, creating immersive experiences for global audiences.<sup>577</sup>
- Saudi Arabia launched the AI Centre for Media, integrating cutting-edge technology to position itself as a leader in AI-driven media innovation. The center’s initial projects include automated content creation



CREDIT/SHUTTERSTOCK

tools and AI-enhanced translation services to broaden access to Islamic-themed media.<sup>578</sup>

- Egypt and Saudi Arabia deepened media cooperation through high-level meetings involving Prime Minister Mustafa Madbouly and Media Minister Salman bin Yousef Al-Dossary. These efforts aim to create joint ventures in media production that celebrate shared Islamic heritage.<sup>579</sup>

## ECOSYSTEM DEVELOPMENTS

**Foundational developments in Islamic media ecosystems emphasize education, legislative reforms, and infrastructure enhancements to foster sustainable growth.**

- The Ministry of Awqaf and Islamic Affairs in Kuwait launched a five-volume encyclopedia on Islamic education, funded by the Endowment Fund for Scientific and Cultural Development. The encyclopedia serves as a comprehensive resource for educators and policymakers to integrate Islamic principles into modern curricula.<sup>580</sup>
- The Nigerian government, under President Bola Tinubu, has introduced a bill to regulate digital platforms, targeting social media oversight. This legislation, presented to the National Assembly, proposes to repeal and reenact the National Broadcasting Commission (NBC) Act. The Director-General of NBC, Balarabe Ilelah, labeled social media as a “monster” and stressed the necessity of new regulatory powers for the NBC, as current laws don’t cover social media oversight.<sup>581</sup>
- Uzbekistan’s Legislative Chamber reviewed a draft law introducing fines for involving children in illegal religious education, aiming to regulate educational

practices. This measure reflects a broader effort to standardize religious instruction and prevent exploitation.<sup>582</sup>

- India’s Allahabad High Court declared the Uttar Pradesh Board of Madarsa Education Act unconstitutional, reaffirming secularism principles and ensuring equitable access to education. This ruling has sparked nationwide debates on the role of religious education within public frameworks.<sup>583</sup>
- Saudi Arabia’s General Authority of Media Regulation unveiled a strategic vision to enhance the media sector’s contributions to the economy while diversifying the nation’s non-oil GDP. The strategy includes launching training programs to upskill local talent in digital media production.<sup>584</sup>
- The UAE issued a federal decree regulating media activities, allowing ownership of media outlets under specific regulations, covering diverse areas such as digital broadcasting and publishing. This legislation aims to attract foreign investment while ensuring cultural sensitivity in media content.<sup>585</sup>
- The “Abu Dhabi Government Digital Strategy 2025-2027” is designed to transform the emirate into an AI-powered government leader. Coordinated by the Department of Government Enablement, it plans to invest AED 13.00 billion in technology and innovation. Key objectives include achieving 100% adoption of cloud computing for government operations, automating all processes, and enhancing productivity through a unified ERP platform. The strategy features an “AI for All” program for citizen training and plans over 200 AI solutions in government services, emphasizing high cybersecurity standards. It aims to contribute AED 24.00 billion to the GDP and create over 5,000 jobs by 2027.<sup>586</sup>

## SOCIAL IMPACT DEVELOPMENTS

### Efforts in Islamic-themed media and education highlight a commitment to social welfare and cultural preservation.

- UNESCO mobilized US\$ 44.50 million for education in Cameroon, modernizing curricula and training 28,000 professionals while providing school meals to underprivileged children. This initiative includes modules on Islamic heritage, promoting interfaith understanding.<sup>587</sup>
- UAE's Sharjah Broadcasting Authority launched the Holy Quran TV channel, enriching Islamic teachings and culture under the guidance of Sheikh Dr. Sultan bin Muhammad Al Qasimi. The channel's programming now includes multilingual translations to reach non-Arabic-speaking audiences globally.<sup>588</sup>
- The Islamic Development Bank's initiatives in underserved regions focus on enhancing access to Islamic education and media, aligning with broader goals of social impact. Recent projects include the digitization of Islamic manuscripts, such as rare copies of the Qur'an and medieval Islamic treatises on science and philosophy, and their distribution through open-access platforms. These efforts aim to preserve cultural heritage and make these invaluable resources accessible to scholars and the public worldwide.

## INNOVATION DEVELOPMENT

### Innovative collaborations and technological advancements are shaping the future of Islamic-themed media and entertainment, with a focus on AI, digital platforms, and new content formats.

- Media City Qatar signed an MoU with Fadaat Media Group to enhance local media infrastructure and production capabilities. The agreement includes the development of an AI-driven content recommendation engine tailored for Islamic audiences.<sup>589</sup>
- Qualcomm partnered with Saudi Arabia's RDIA and Aramco to launch an incubator program supporting AI and IoT-driven startups. The program has already attracted 15 startups working on smart broadcasting solutions.<sup>590</sup>
- Panda Saudi, in collaboration with SCAI and Faden Media, introduced AI-powered advertising in retail stores, transforming customer engagement. The new system uses sentiment analysis to tailor advertisements to shoppers in real-time.<sup>591</sup>
- Saudi Arabia's Future Camp for Generative AI in Media was launched to explore cutting-edge applications of AI in content creation. The initiative has already produced a pilot series featuring AI-generated historical reconstructions of Islamic events.<sup>592</sup>
- King Abdulaziz City for Science and Technology (KACST) has partnered with Ericsson to advance gaming innovation in Saudi Arabia. They are setting up the "Blink Lab," a joint lab at KACST's facility, which

is part of their Garage incubator and accelerator for deep technologies. The lab will feature a private 5G network and serve as a testbed for gaming solutions, training, and research, integrating Ericsson's latest 5G and cloud native technologies.<sup>593</sup>



CREDIT/PEXELS

# SIGNALS OF OPPORTUNITIES



IMPACT: + Low \* Moderate \* High

MATURITY: ◻ Early ◻◻ Intermediate ◻◻◻ Mature

1

## Islamic children's streaming platforms gain traction in non-OIC markets

Platforms offering Islamic-focused educational and entertainment content for children, such as Qalbox and Durioo+, are experiencing significant growth beyond traditional Muslim-majority countries, reflecting rising demand in non-OIC markets. This highlights an expanding global audience and underscores the potential for Islamic children's content to appeal to diverse cultural segments seeking educational values aligned with ethical and family-centric principles.

Impact \* Maturity ◻◻

## AI tools are enabling rapid adaptation of mainstream content for Islamic audiences

With the establishment of initiatives like Saudi Arabia's AI Centre for Media, AI-driven technologies are emerging that enable media organizations to adapt mainstream content efficiently to suit Islamic values and preferences. AI-powered translation, automated content modification, and analytics-driven customization make it easier for content creators to "Islamify" entertainment, educational materials, and digital media, significantly broadening accessibility and relevance to Muslim audiences globally.

Impact \* Maturity ◻◻

2

3

## Cross-border media collaborations are driving demand for Islamic cultural narratives

Collaborations like the UAE-South Korea partnership on documentaries exploring Islamic architecture, Egypt-Saudi Arabia joint ventures, and media alliances like Azerbaijan's Trend News Agency with Türkiye's Albayrak Media Group indicate rising global interest in Islamic cultural storytelling. These collaborations amplify cultural awareness and provide opportunities for media companies to produce diverse, cross-cultural content that appeals to international audiences.

Impact \* Maturity ◻◻

## Advancing educational and edutainment initiatives for Islamic youth

The convergence of education and entertainment is emerging as a significant growth driver, opening up vast opportunities to merge cultural enrichment with interactive learning. Initiatives such as Qatar Insurance Company's edutainment facility at KidzMondo Doha and Qalbox's expanded educational offerings for Muslim children illustrate how compelling educational media can enhance financial literacy and deepen cultural awareness from an early age.

Impact \* Maturity ◻◻

4

5

## Collaborative media ecosystem across OIC countries is a strong signal to growth of Islamic-themed media

Qatar's Media City partnership with Fadaat Media has established state-of-the-art studios for Islamic-themed films, alongside training programs for Arab filmmakers. Similarly, Saudi Arabia's Neom Media Hub and Sharjah Media City are attracting international studios to produce content aligned with Vision 2030's cultural goals, such as a multilingual animated series on the Hajj pilgrimage.

Impact \* Maturity ◻◻

# Strategic Considerations by Stakeholders

The Islamic-themed media and entertainment sector presents significant opportunities for investors, governments, and businesses. AI-driven tools are reshaping Islamic content creation, enabling automated translation, personalized engagement, and culturally sensitive moderation. Investors should support ethical AI ventures and incubators connecting developers with Islamic scholars. Similarly, the edutainment sector remains underdeveloped, with strong potential in Islamic-themed toys and interactive learning products. Governments play a crucial role in fostering secure media ecosystems by investing in AI infrastructure, regulatory sandboxes, and tax incentives for Islamic content production.

## INVESTORS

### OPPORTUNITIES

1

**AI tools are transforming Islamic media production through automated content creation, multilingual translation, and personalized engagement strategies**

Investors should fund ethical AI startups focused on tools for moderating culturally sensitive content or preserving Islamic heritage (e.g., digitizing manuscripts). Prioritize ventures developing AI translation for underrepresented languages (e.g., Swahili, Bengali) to broaden access. Support incubators that bridge AI developers and Islamic scholars to ensure alignment with ethical guidelines.

#### Relevant developments & precedents:

- Saudi Arabia's AI Centre for Media launched projects like AI-generated historical reconstructions and real-time translation services.
- Abu Dhabi's "AI for All" program plans to deploy 200+ AI solutions in government services, including media.
- Future Camp for Generative AI produced a pilot series using AI to visualize Islamic historical events.

#### Potential outcomes by 2035:

- AI-driven dubbing, sentiment analysis, and automated content generation become standard, enabling small studios to produce high-quality, multilingual Islamic media.

“

*The edutainment market, a sub-sector of the media and entertainment industry, remains largely underexploited. The opportunities for both entrepreneurs and investors are immense. A true Eldorado awaits the boldest.”*

FATEH KIMOUCHE, AL KANZ, FRANCE

2

**Culturally rooted educational toys are bridging play and faith-based learning, addressing gaps in Islamic early childhood development tools**

Investors should target startups producing Islamic educational toys, such as Arabic alphabet puzzles or robotics kits inspired by historical Muslim inventions. Prioritize companies using sustainable materials and ethical supply chains. Support marketing campaigns targeting parents seeking culturally affirming educational tools.

**Relevant developments & precedents:**

- Muslim Blocks, featuring designs like the Kaaba and

Masjid Al Nabawi, gained traction in 12 countries.

- Startups like Halal Toys Ltd. are expanding into European and North American diaspora markets.
- Animated series like Omar & Hana integrate Quranic stories into engaging formats.

**Potential outcomes by 2035:**

- Faith-based toys become mainstream, with modular designs and storytelling kits fostering cultural identity among young Muslims. Faith-based toys with modular designs and storytelling kits are going mainstream. These toys encourage cultural identity in young Muslims.

“

*Islamic-themed media has significant growth potential, but the lack of investment limits its ability to compete with mainstream media. With proper support, it can scale rapidly and capture the expanding Muslim market.”*

TEMI SUMARLIN, SCARF MEDIA, INDONESIA

CHALLENGES

1

AI can help make Islamic media faster and more inclusive, but several problems stand in the way. First, there are not enough well-labeled texts and videos that reflect Islamic values, so training good models is hard. Scholars have to check the results to avoid mistakes, which slows everything down and costs more money. Rules about deepfakes, data privacy, and using foreign cloud servers change from one country to another, creating legal confusion. Powerful computers and expert engineers are expensive, and no

one is sure who owns the rights to images or scripts the AI creates. All of this makes investors careful and delays real-world use.

**Risk:**

- A single erroneous AI output, be it a mistranslated Qur’anic verse or an inadvertently biased image—could severely undermine stakeholder trust and provoke public censure. Jurisdictional disparities in data privacy and deep-fake legislation further expose developers to regulatory sanctions, including fines or platform suspensions.

2

Companies that design Muslim-friendly learning toys face high costs because eco-friendly materials and small production runs are costly. Before a toy can be sold, it must pass strict safety tests—and sometimes even get halal approval—which adds time and money. Big toy stores often give little shelf space to niche brands, so startups rely on online ads where they compete with huge companies that spend more

**Risk:**

- In countries where intellectual-property enforcement is lax, counterfeit or lookalike toys can enter the market almost as soon as the genuine product launches, leveraging lower production costs and circumventing the research, design, and compliance expenses borne by the originator. These imitations often retail at significantly reduced prices, eroding the premium positioning of the authentic brand and forcing the original manufacturer either to discount—thus compressing already narrow margins—or to absorb declining volumes.

### OPPORTUNITY

1

**Building secure, technology-driven media ecosystems is essential to position Islamic-themed content as a global competitor while ensuring compliance with cultural norms**

Governments should invest in digital infrastructure (e.g., secure cloud systems, cybersecurity frameworks) and create regulatory sandboxes for ethical AI projects. Offer tax incentives for studios producing Islamic-themed content and establish certification programs for cultural compliance. Partner with OIC nations to harmonize content distribution laws and promote

cross-border media partnerships.

**Relevant developments & precedents:**

- Qatar's Media City developed AI-driven content engines tailored for Islamic audiences.
- NEOM Media Hub and Sharjah Media City attracted studios to produce Vision 2030-aligned projects.
- Abu Dhabi's AED 13.00 billion investment in AI infrastructure includes secure cloud systems for media.

**Potential outcomes by 2035:**

- MENA emerges as a hub for Islamic media innovation, with standardized data laws enabling cross-border collaboration.

### CHALLENGES

1

**Turning places like NEOM or Sharjah into world-class media centers takes billions of dollars for new data centers, safe cloud systems, and cyber-security tools.**

Yet there are not enough skilled engineers in the region, so salaries rise and projects slow. Privacy and content rules differ across Muslim countries, so moving videos, user data, or ad money across borders is complicated.

**Risk:**

- Multibillion-dollar infrastructure projects carry heavy financial risk if oil prices fall or government priorities shift. A major data breach could scare away international partners and viewers alike, erasing the hub's competitive edge. Furthermore, uneven or tightening content rules across countries might restrict the very crossborder collaborations the hubs are meant to attract.

### OPPORTUNITIES

1

**Islamic edutainment platforms are primed for expansion as global demand grows for interactive, culturally enriched learning experiences**

Businesses should invest in developing comprehensive educational content that fuses engaging storytelling with interactive learning elements, such as animated series that bring Qu'ranic stories to life, digital learning tools, and interactive edutainment centers. Partner with educators, cultural institutions, and media organizations to ensure content aligns with educational curricula and preserves Islamic heritage.

**Relevant developments & precedents:**

- Qatar Insurance Company's edutainment facility at KidzMondo Doha has effectively combined fun with

financial literacy for children.

- Qalbox's strategic partnerships, which expanded its educational content for Muslim children, have significantly boosted its subscription base.
- UNESCO's investments in modernizing curricula and the widespread establishment of Islamic education centers underscore the growing emphasis on culturally sensitive education.

**Potential outcomes by 2035:**

- By 2035, advanced Islamic edutainment platforms could dominate global markets, fostering early engagement with Islamic heritage and ensuring that culturally resonant educational experiences become a cornerstone of learning for young audiences around the world.

2

**Expanding libraries of Islamic-themed content in diverse formats and languages are critical to meeting rising global demand for culturally relevant media**

Media companies must diversify formats and languages, such as producing mini-documentaries on Muslim scientists or short films about Ramadan traditions. Crowdfund subtitling for underrepresented languages and collaborate with influencers to amplify reach. Bundle subscriptions with educational platforms (e.g., Islamic online courses) to increase retention.

**Relevant Developments & Precedents:**

- Qalbox's library now exceeds 10,000 hours of programming, including documentaries on Islamic history and Arabic-learning animated series.
- Sharjah's Holy Quran TV channel added multilingual translations to reach non-Arabic speakers.
- Partnerships with Astro and independent filmmakers enriched content diversity.

**Potential outcomes by 2035:**

- Platforms offer podcasts, short films, and documentaries in 20+ languages, driven by collaborations with regional creators and scholars.

**C H A L L E N G E S**

1

Making shows that are both fun and educational needs teams of teachers, storytellers, game makers, and scholars—people who are hard to find and expensive to hire. Parents, especially in developing markets, may not want another paid app, so earning steady subscription income is an obstacle. High-quality interactive lessons need fast internet, but many regions still have slow or costly connections.

**Risk:**

- Multi-billion-dollar infrastructure projects carry heavy financial risk if oil prices fall or government priorities shift. A major data breach could scare away international partners and viewers alike, erasing the hub's competitive edge. Furthermore, uneven or tightening content rules across countries might restrict the very cross-border collaborations the hubs are meant to attract.

2

Building a huge library of Islamic shows and films starts with clearing rights, but old programs often have unclear or split ownership, leading to long processes with many parties. Big streaming platforms, niche faith-based content may remain unknown unless companies spend heavily on marketing.

**Risk:**

- Unclear or disputed rights for older shows can lead to costly lawsuits or sudden takedowns, disrupting the library's lineup. Poor-quality subtitles or dubbing risk alienating viewers and sparking social-media backlash. Heavy marketing spend is needed for discovery; if audience growth lags, the library may never recoup escalating content-acquisition and translation costs.

“

*There are very few media platforms dedicated to halal lifestyles, despite rising consumer demand. Strategic investment can bridge this gap and create a dominant presence in the industry.”*

**TEMI SUMARLIN, SCARF MEDIA, INDONESIA**





# Acknowledgements

## PRODUCED BY

**DinarStandard**  
GROWTH STRATEGY RESEARCH & ADVISORY

DinarStandard™ is a growth strategy research and execution management firm, empowering organizations for profitable and responsible global impact. DinarStandard specializes in the global halal/ethical economy, government innovation, and the social impact space. Since 2008, DinarStandard has supported over 30 government entities, investment institutions, industry leaders, and multilaterals from over 12 countries worldwide. Its unique value proposition is rooted in delivering original facts and foresight-driven client impact grounded in excellence and ethics.

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## IN PARTNERSHIP WITH



Launched in October 2015, Salaam Gateway (SG) is the world's leading news and insights platform on the global Islamic economy. It covers Islamic finance, halal, and Islamic lifestyle sectors, with an eye on the key producer and consumer markets. It is for professionals, business owners, decision-makers, and policymakers who operate in fast-changing socio-economic environments and want reliable and accurate news, insights, data, and intelligence to inform their next moves.

[salaamgateway.com](http://salaamgateway.com)

## THOUGHT LEADERSHIP PARTNER



The Islamic Development Bank Institute (IsDBI) is the knowledge beacon for the IsDB Group, leading the exploration of innovative solutions for the economic challenges facing Member Countries and Muslim communities within the framework of Islamic economics and finance.

Established in 1981 as the Islamic Research and Training Institute (IRTI), the Institute was rebranded in 2021 as IsDB Institute to better align with the strategic priorities of the IsDB.

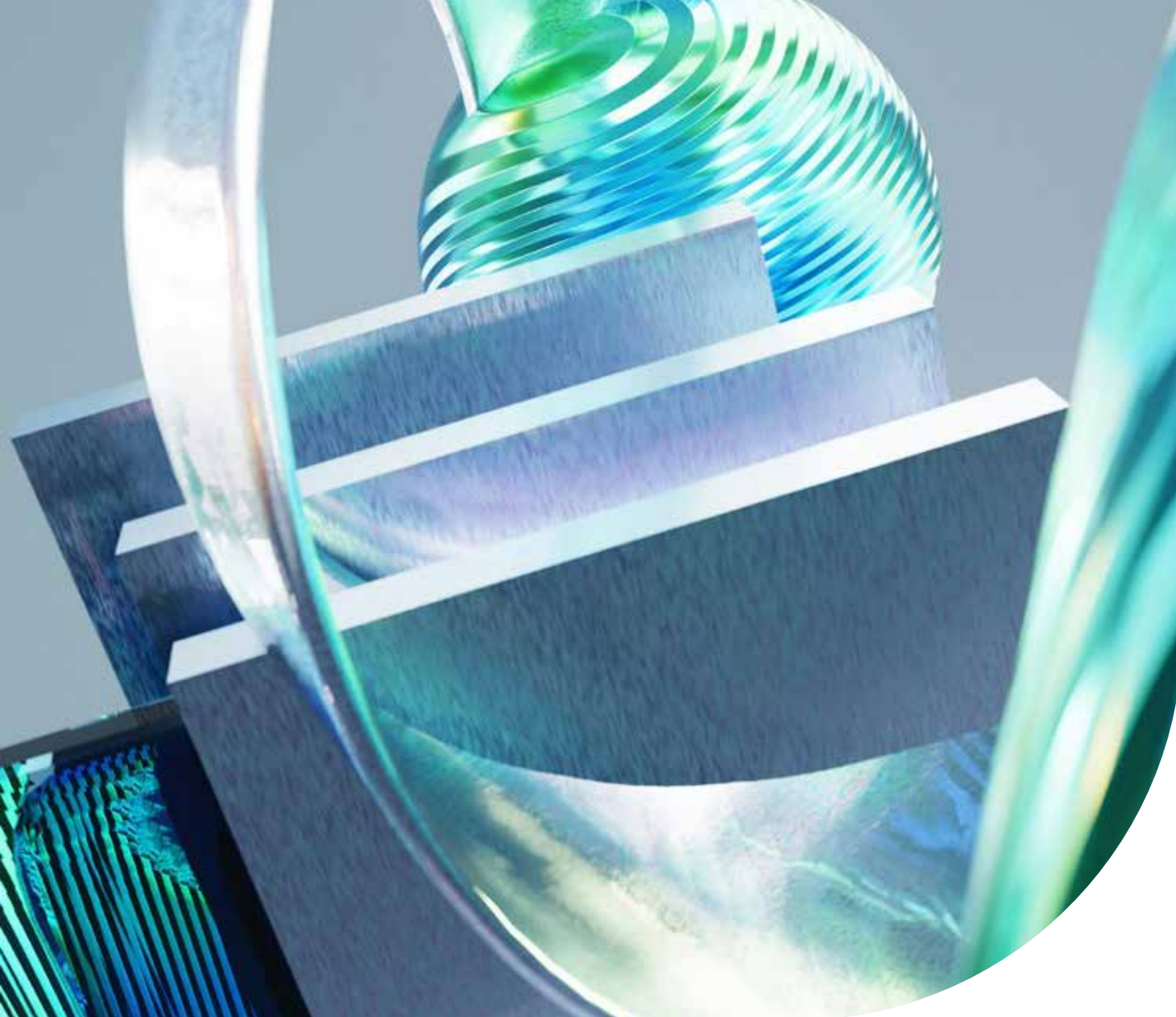
[isdbinstitute.org](http://isdbinstitute.org)

## STRATEGIC PARTNER



IFANCA (Islamic Food and Nutrition Council of America) is a not-for-profit organization committed to helping consumers and industry source authentic halal products since 1982. Our registered Crescent-M halal service mark assures consumers the product is halal without a doubt! IFANCA halal certification means your products meet the dietary requirements of over 1.8 billion consumers.

[ifanca.org](http://ifanca.org)



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## DISCLAIMER

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The data of this report is believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions, and recommendations that DinarStandard has delivered are based on information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. The findings, interpretations, and conclusions expressed in this report do not necessarily reflect the views of DinarStandard. As such, the information contained in this report is intended to provide general information only and, as such, should not be considered as legal or professional advice or a substitute for advice covering any specific situation. DinarStandard specifically disclaims all liability arising out of any reliance placed on this material. DinarStandard makes no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, or suitability of this material for your purposes. The following companies that have been referenced in the report are current clients of DinarStandard: ICDT, ICIEC, Halal Product Development Company (HPDC).

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# Report Purpose and Methodology

## CONTEXT

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The 57 OIC (Organization of Islamic Cooperation) countries of the world represent close to 15% of global GDP (PPP). Furthermore, the Muslim population exceeds 2 billion, representing more than 25% of the global population, growing at a faster pace than the overall global population, and containing some of the fastest-growing global economies. The influence of the Islamic economy stretches beyond the OIC countries, as more than 500 million Muslims reside as minorities in many non-Islamic countries. All over the world, this fast-growing and relatively young population of Muslims is increasingly asserting its Islamic sensitivities in the marketplace across lifestyle products.

## PURPOSE

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The purpose of the State of the Global Islamic Economy Report is to inspire and empower government officials, business leaders, entrepreneurs, and industry bodies to evaluate and develop an actionable, practical, and high-impact market strategy focused on the global Islamic economy. The 2024/25 State of the Global Islamic Economy report presents the continued momentum of the global Islamic economy, highlighting progress during the past year, taking the pulse of its fast-growing and young demographic, related global trade flow, and, most importantly, looking to future growth challenges and opportunities.



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# Report Methodology

## APPROACH

In addressing its purpose, the report incorporates a top-down and bottom-up approach. This includes:

**1. Primary research and frameworks used to ensure a comprehensive understanding of developments, issues, and opportunities, supplemented by extensive secondary research.**

### PRIMARY RESEARCH

Original research of halal products, lifestyle, and Islamic finance market developments was conducted by leveraging the services of on-the-ground analysts from each global

region and gathering insights from 19 expert interviews (shared below).

### SECONDARY RESEARCH AND PROPRIETARY FRAMEWORKS

A range of sources have been used for evaluating related sector developments, including but not limited to SalaamGateway.com, international news sites (over 450 stories analyzed and referenced in the report), multi-lateral agency databases (UN, World Bank, IMF), and company websites, supplemented by the extensive project-based sector knowledge developed by DinarStandard.

The report provides a detailed analysis of opportunities and challenges across various sectors, drawing on DinarStandard's extensive consulting expertise and continuous research in these industries.

## Interviews



### Halal Food



**İhsan Övüt,**  
Secretary General,  
OIC Standards and Metrology Institute for  
Islamic Countries (SMIIC)



**Muhammad Abbas Khan**  
Chief Strategy Officer,  
Tanmiah



### Islamic Finance



**Rafe Haneef,**  
Group CEO,  
MBSB Holdings, Malaysia



**Prof. Dr Razali Haron,**  
Head of Research & Innovation, Institute of  
Islamic Banking and Finance, International  
Islamic University Malaysia, Malaysia



**Dr Abdullatif Bello,**  
Member of Board of Directors,  
Jaiz Bank, Nigeria



**Madina Tukulova,**  
Head of Islamic Finance,  
Astana International Financial Centre,  
Kazakhstan



**Mustafa Abdi Ali,**  
Chairman,  
KIMS Microfinance, Somalia

## Interviews



### Muslim-Friendly Travel



**Ruhat Ülgen Cengiz**  
General Manager,  
Bera Alanya Hotel



**Abd Elmohaimen Mansi**  
Co-Founder,  
Seeru



**Dr. Jens Thraenhart**  
Co-Founder,  
High-Yield Tourism



**Gary Bowerman**  
Founder & Managing Director,  
Asia Travel Re:Set



### Modest Fashion



**Didem Zeynep Celebi,**  
Fashion Show Backstage Director, Fashion  
Designer, and Founder,  
The Celebi, Belgium



**Basrie Kamba,**  
RTL Chairman, and President Director,  
PT Asia Pacific Rayon, Indonesia



**Min Luna,**  
Fashion Stylist, Creative Director,  
Min Luna Creative Agency, Malaysia



### Halal Pharmaceuticals



**Rozi Osman,**  
Halal Industry Strategist,  
Rozi Osman International



### Halal Cosmetics



**Akmal Daffari,**  
Channel Development Manager,  
Paragoncorp



**Selly Septiani,**  
Founder,  
Hajime Skincare



### Media and Recreation



**Fateh Kimouche,**  
Founder,  
Al Kanz



**Temi Sumarlin,**  
Scarf Media,  
Indonesia

## 2. Trade data analysis

The global halal trade analysis was retrieved and synthesized by DinarStandard from the ITC Trade Map database, using data downloaded in January 2025. The OIC imports and their exporting markets are retrieved and synthesized by DinarStandard from the ITC Trademap database, 2023. The OIC import projections for 2023-2028 were forecast using one of the following three methods: 1) Correlating GDP with OIC imports 2) Using GDP CAGR, or 3) Forecasting using historic import CAGR. The trade projections are assumed to account for the impact of COVID-19, using the latest IMF GDP growth projections released in October 2024.

Around 28 HS codes (2-digit) were analyzed. Food product codes exclude the codes identified as haram (not permissible to consume in Islam). Trade data on pharmaceuticals and cosmetics is based on codes 30 and 33, respectively. Fashion product codes include only apparel and footwear trade codes. The categorization of products for each sector is a result of DinarStandard's proprietary trade database and analysis.

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### 3. Universe market sizing: The value of Muslim consumer spending across lifestyle sectors by country was developed by applying proprietary Muslim socio-demographic multiplier to global sector-level market sizing data.

Overall, the Islamic economy sector estimates are based on the potential universe of opportunity and focused on its core audience of Muslim consumers globally. This number does not represent the actual value of the global Islamic or halal-certified products economy, but more broadly, the total spend value that Muslims provide to the referenced sectors. Islamic finance estimates are based on

the LSEG Islamic Finance Development Indicator (IFDI), with banking estimates baselined from central bank data, and assumes full regulatory support in the core Islamic finance markets (OIC countries) and 100% Muslim demographic penetration.

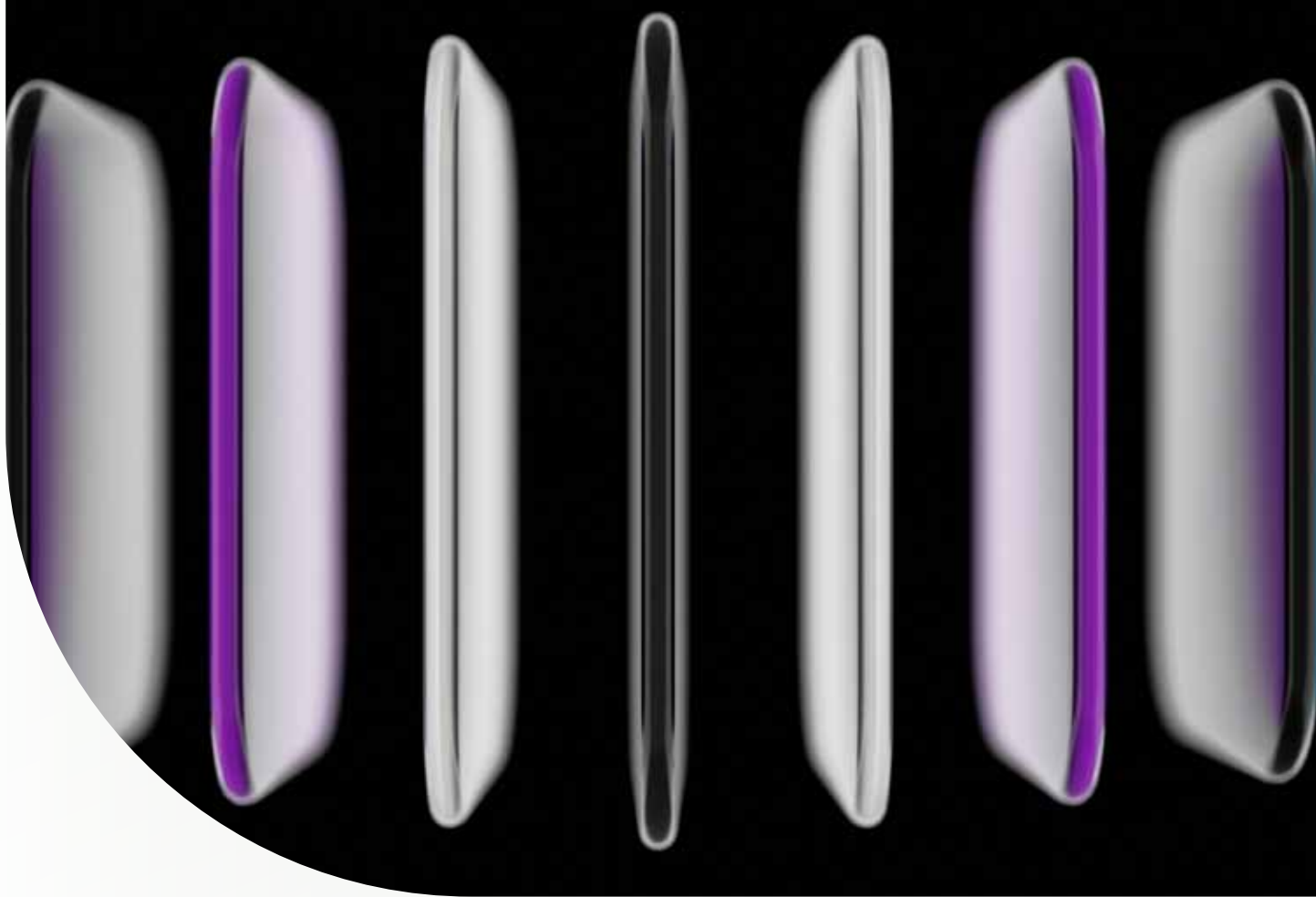
Global Muslim market estimates are applied based on DinarStandard's Muslim population estimates per country, which are adjusted for income disparities. Projections were determined primarily by regressing historical annual growth of the relevant industry metrics on GDP growth for each country, in many cases showing high correlation while also comparing to external estimates by national statistics agencies and global industry forecasts to triangulate historic and projected growth.

## Universe Market Sizing Methodology Overview

	Key Steps in Calculation (Summary)	Key External Sources
<b>1. Global lifestyle spend by sector (excl. Finance), US\$ B</b>		
	<b>Comprises: (by country)</b> <ul style="list-style-type: none"> <li>• Food &amp; beverage,</li> <li>• Footwear &amp; Clothing,</li> <li>• Pharma &amp; Cosmetics,</li> <li>• Media &amp; Recreation,</li> </ul>	<b>National databases:</b> <ul style="list-style-type: none"> <li>• International Comparison Programs (2021 baseline),</li> <li>• UN World Trade Organisation,</li> <li>• World Bank,</li> <li>• IMF,</li> <li>• DS Analysis and estimations</li> </ul>
<b>2. Muslim multiplier</b>		
	<b>Based broadly on: (by country)</b> <ul style="list-style-type: none"> <li>• Muslim % of population,</li> <li>• Relative income levels,</li> <li>• Average family size,</li> </ul>	<b>Census data:</b> DS Analysis and estimations,

## Metrics Used To Calculate Muslim Spend For Individual Sectors

Muslim market	Global spend metric, by country	Sources used
<ul style="list-style-type: none"> <li>• Muslim spend on food and beverage</li> <li>• Muslim spend on apparel and footwear</li> <li>• Muslim spend on media and recreation</li> </ul>	<ul style="list-style-type: none"> <li>• Spend on food and non-alcoholic beverages</li> <li>• Spend on clothing and footwear</li> <li>• Spend on culture and recreation</li> </ul>	Baselined from the latest International Comparison Program values (2021), adjusted to more recent values from national statistics agencies and GDP evolution
<b>Muslim travel spend</b>	<b>Spend on outbound travel</b>	<b>UNWTO Tourism expenditure in other countries</b>
Muslim spend on pharmaceutical and personal care products	Spend on pharmaceuticals and cosmetics	National statistics agencies; industry associations



#### Calculation of Number of Muslim Tourist Arrivals:

The number of Muslim tourist arrivals was derived by calculating the proportion of Muslims within the total inbound tourist arrivals to a specific country.

The total number of tourist arrivals per country in 2023 was obtained from UNWTO. The breakdown of the tourist arrivals based on their country of origin was obtained from WTTO and applied to the total number of tourist arrivals. To obtain the number of Muslim tourists amongst these arrivals was derived by applying the Muslim multiplier of the tourist country of origin. The top 5 source countries were provided. For the remaining inbound tourists, a 5% Muslim proportion was applied for non-OIC destination countries, and 55% was applied for OIC destination countries.

#### 4. Investment Research

An extensive list of investments made in the OIC and Islamic economy-specific investments outside the OIC over the period August 2023 to July 2024, covering the food, pharmaceuticals, cosmetics, Islamic finance, media and recreation, modest fashion, and travel sectors was compiled based on research carried out across multiple databases including CapitalIQ, Crunchbase and various other sources relevant to the investment transaction information. This research was supplemented by DinarStandard's own research and a scan of subsequent transactions identified by Salaam Gateway and other news publications in August 2024.

Investments analyzed include mergers/acquisitions (M&A), private equity (PE), and venture capital (VC) transactions. Where the nature of investment wasn't clear, deal values above US\$ 15 million were assumed to be private equity transactions based on trends observed in previous years' data, while those with deal values between US\$ 500,000 and US\$ 15 million were assumed to be venture capital transactions. We exclude VC angel investment rounds, initial public offerings (IPOs), and post-IPO debt from the analysis to focus on the core investment types relevant to the scope of this report.

Financial services companies operating in both conventional and Islamic finance were also assumed to belong to the Islamic finance category.

The scope of comparison has been altered from the previous year's report to widen the net and capture all relevant sector transactions to gain a more nuanced view of investments in the broader sector. All charts and visualizations are organized based on the number of transactions rather than their value, prioritizing the frequency of activity. Transaction values, where presented, reflect the "Disclosed Value" as reported. However, it is important to note that not all transactions have a disclosed value, which may lead to potentially misleading interpretations if not considered carefully.

The content of this investment chapter is provided for informational purposes only and should not be construed as investment advice. We assume no liability for any actions or decisions taken based on the information contained in this report.

## 5. Global Islamic Economy Indicator

### METHODOLOGY

In its eleventh year, the **purpose** of the GIEI is to benchmark the leading national ecosystems best able to support the development of Islamic economy business activity relative to their size. The GIEI is a composite weighted index that measures the overall development of the Islamic economic sectors across 81 key countries by assessing the performance of its parts in line with its broader social obligations. It comprises 52 metrics organized into five dimensions (financial, regulatory, awareness, social, innovation) for each of the seven sectors of the Islamic economy (Islamic finance, halal food, Muslim-friendly travel, modest fashion, media/recreation, halal pharmaceuticals/cosmetics).

### Introduction

The GIEI is a global-level composite indicator with selected country and industry component-level indicators with the following objectives:

#### Global indicator level

- Present a single indicator to provide a pulse of the global Islamic economy's health and development
- Provide an indicator that is reliable and unbiased
- Provide a global view of the Islamic economic landscape

- Inform current and potential Islamic economy stakeholders and investors about the industry's performance

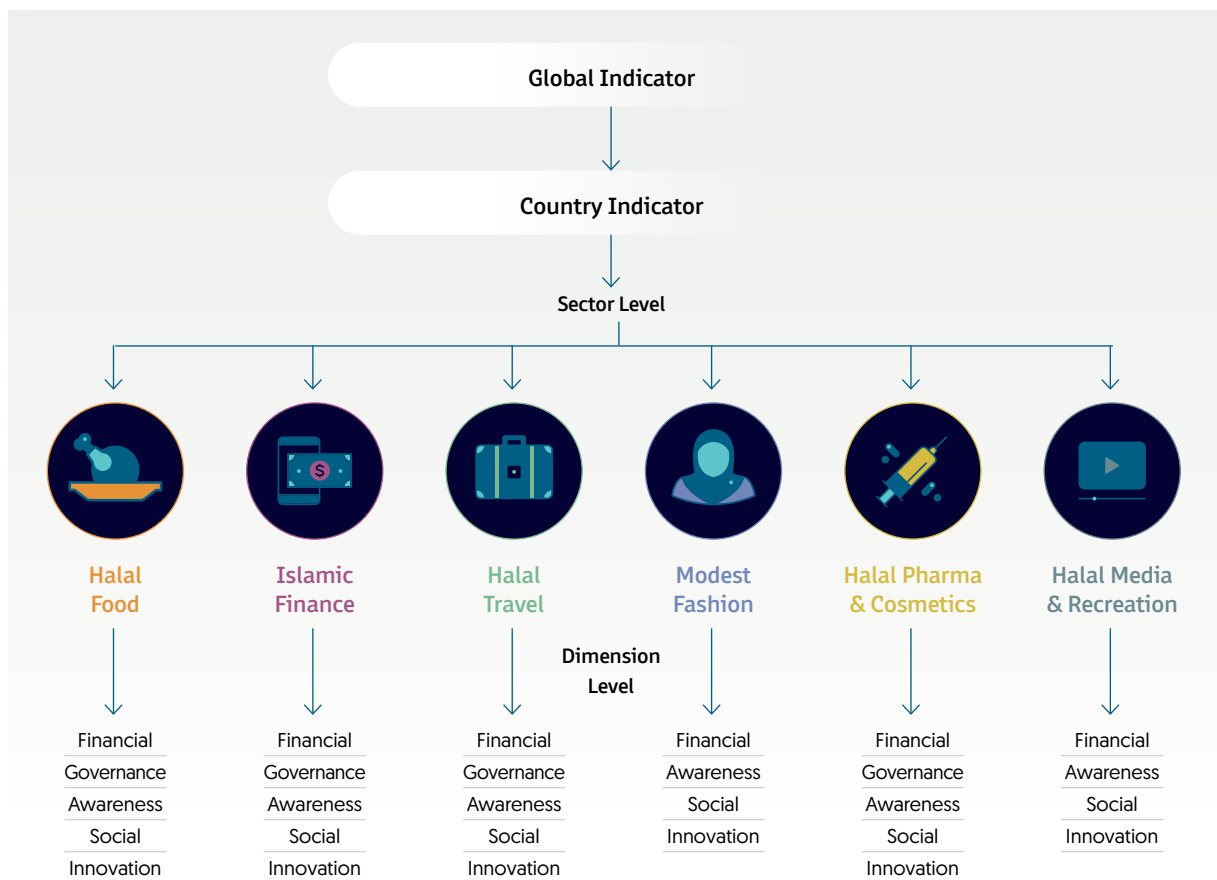
#### Country indicator level

- Assess the current state of the Islamic economy in each country
- Track changes over time and make comparisons between regions and countries

#### Specific sector level

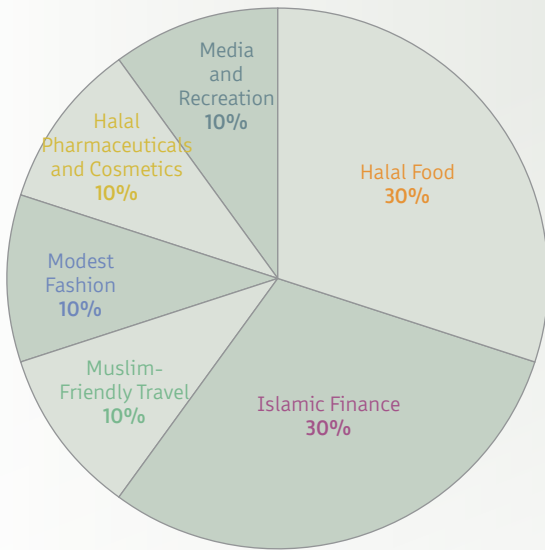
- Measure the sector's health and development from various perspectives
- Enhance the sector's market transparency and efficiency

The sector indicator score is a product of numerous key sub-indicators underlining the industry. All components are fundamental to the development of the industry as a global business.



The GIEI is calculated by applying a weightage to each of the sector indicators. The weightage is fixed to give a proportional importance to each sector. The weighting is as follows:

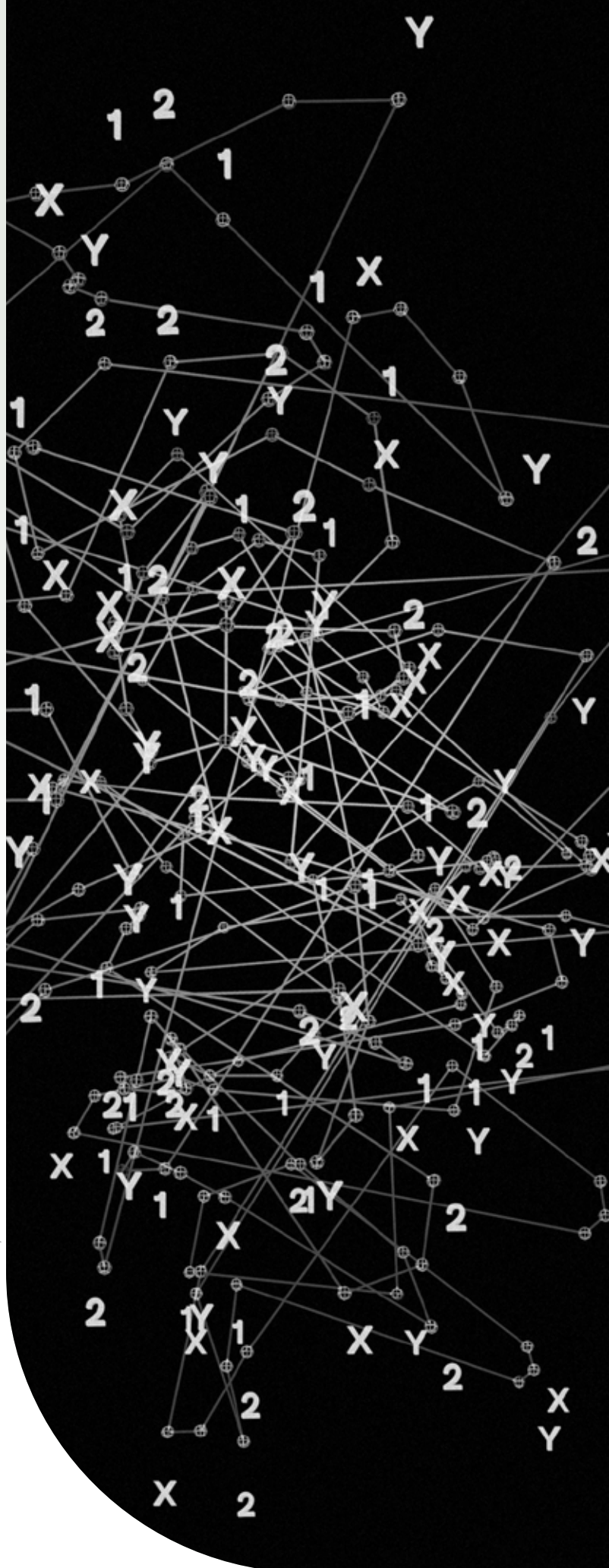
#### SECTOR WEIGHTING



The different components that make up the indicator are selected based on an outline of the industry's key constituents as a whole and are based on critical contemporary issues including financial, governance, awareness & social developments. All are fundamentally important for the development of the industry as a global business.

#### Data Collection

The data employed in the Global Islamic Economy Indicator when aggregating data and computing indicator values includes information that is publicly disclosed only. The employment of disclosed information ensures the reliability and consistency of the results.



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### Indicator Calculation Methodology

The methodology for calculating the Indicator values has been developed based on the following key characteristics:

- The absolute values should be adjusted or rationalized based on the overall size of the country/economy to ensure comparability among countries
- The methodology should have minimal subjectivity and be based on a consistent formula across metrics
- The Global Indicator is based on the arithmetic mean of the individual Country Indicators
- The Country Indicators are based on the arithmetic means of their individual Indicators
- The Individual sectors are based on the arithmetic means of their Sub-indicators
- The Sub-Sectors are based on the sum of the metric values of their individual Metrics
- The Metric Value is designed to be aggregated to provide the Sub-Indicator Values

#### For numerical values (US\$ amounts) and numbers (e.g., number of seminars or conferences):

$$\text{Metric Value} = \frac{\text{Absolute Value}}{[\text{Scale Value} \times \text{Rationalizing Coefficient}]} \times \frac{\text{Metric Weight}}{2}$$

#### For percentage values (e.g., return on equity):

$$\text{Metric Value} = \frac{\text{Absolute Value}}{\text{Scale Value}} \times \frac{\text{Metric Weight}}{2}$$

#### For yes/no values (e.g., if there are regulations for Islamic banks):

$$\text{Metric Value} = \text{Metric Weight if yes, 0 if no}$$

**Scale Value** is the average for all absolute values for that metric (not including zeros). This value forms the basis of our scale for that metric and will remain unchanged for future years.

This will ensure the development of the metric is not restricted to a particular range, and the first year will form the base year against which relative growth in the metric is measured.

The **Metric Weight** is designed to ensure that a particular sub-indicators metrics are weighted to ensure that all sub-indicators are comparable, regardless of the number of metrics used to derive each.

#### The Metric Weight is calculated as follows:

$$\text{Metric Weight} = \frac{100}{\text{Total metrics within the Sub-Indicator}}$$

The **Rationalizing Coefficient** is specific to each country and is designed to adjust the scale based on the size of the country. This is designed to ensure the comparability of the indicator values across countries.

We have designed the Rationalizing Coefficient for comparing the relevant country size based on their GDP and population. These are compared to the median value for all countries so as not to be skewed by extreme values at both ends of the scale.

$$\text{Rationalizing Coefficient} = 1 + \frac{\text{Average} \left[ \frac{\text{GDP-Median GDP}}{\text{Median GDP}}, \frac{\text{Population-Median Population}}{\text{Median Population}} \right]}{4}$$

## Universe

All OIC countries are included along with non-OIC countries that have a strong halal industry presence. A total of 81 countries are included.

### GCC (Gulf Cooperation Council)

- Bahrain
- Kuwait
- Oman
- Qatar
- Saudi Arabia
- United Arab Emirates

### Southeast Asia

- Brunei Darussalam
- Indonesia
- Malaysia
- Singapore
- Thailand

### South Asia

- Afghanistan
- Turkmenistan
- Bangladesh
- India
- Maldives
- Pakistan
- Sri Lanka

### Europe

- Albania
- France
- Germany
- Italy
- Türkiye
- United Kingdom
- Belgium

- Netherlands
- Bosnia and Herzegovina
- Spain
- Russia

### Other MENA (Middle East & North Africa, Excluding GCC)

- Algeria
- Egypt
- Iran
- Iraq
- Jordan
- Lebanon
- Libya
- Mauritania
- Morocco
- Palestine
- Sudan
- Syria
- Tunisia
- Yemen

### Sub-Saharan Africa

- Benin
- Burkina Faso
- Cameroon
- Chad
- Comoros
- Djibouti
- Gabon
- Gambia
- Guinea

- Guinea-Bissau
- Ivory Coast
- Kenya
- Mali
- Mauritania
- Mozambique
- Niger
- Nigeria
- Senegal
- Sierra Leone
- Somalia
- South Africa
- Togo
- Uganda

### Others

- Australia
- Azerbaijan
- China
- Guyana
- Kazakhstan
- Kyrgyzstan
- Suriname
- Tajikistan
- United States
- Uzbekistan
- Canada
- Philippines
- Japan
- South Korea
- Taiwan



## Special Features: Social Media Listening

### OBJECTIVE AND APPROACH

The analysis aimed to capture and quantify shifts in Muslim-consumer purchasing conversations between **October 2023 and March 2025**, as influenced by major global events.

A combined **top-down/bottom-up approach** guided the study, framing broad questions about sectoral and behavioral shifts while iteratively refining the data pipeline based on emerging hashtags, brand names, and multilingual terms for alternatives.

#### Primary research – social-media corpus

Two sequential Twitter data pulls were conducted using the Academic API:

- A **baseline scan** (855 tweets) covering general purchasing and ethical consumption discourse.
- An **expanded scan** (4,551 tweets) focused on multilingual terms related to “alternatives” and specific brands.

Data spanned **Arabic, Bahasa, English, and French**, serving as linguistic proxies for global Muslim audiences. After cleaning (removal of retweets, duplicates, spam, and off-topic posts), the dataset was reduced to **3,263 tweets**, normalized for consistency.

#### Feature engineering and clustering

The raw dataset (175 columns) was streamlined to **22 analytic** features, capturing sentiment scores (via VADER, ARBERT, IndoBERT-lite), keyword frequencies (TF-IDF), engagement metrics, and rule-based sector tags. Topic validation was performed using **UMAP and k-medoids clustering**, supporting industry-level labeling across categories like food & beverage, fashion, cosmetics, and tech.

#### Secondary research – contextual enrichment

Relevant financial headlines, company filings, and macro-economic indicators were aligned with sentiment shifts for reference only – no causal modeling was performed. Supplementary brand-sector dictionaries supported accurate labeling.

#### Limitations

Language detection provides a useful but imperfect proxy for audience variety distribution, and sentiment tools may vary in accuracy across languages. Nevertheless, the methodology offers a reliable and reproducible framework for understanding how global events shaped Muslim-consumer conversations over the study period.

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