



# STATE OF THE GLOBAL ISLAMIC ECONOMY REPORT

## 2025/26

ECONOMIC SOVEREIGNTY IN A REALIGNING WORLD

PRODUCED BY

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# Foreword



Rafi-uddin  
Shikoh

CEO &  
Managing  
Partner

**THIRTEEN YEARS AGO**, when we launched the first State of the Global Islamic Economy Report, the question we were trying to answer felt almost too ambitious: could the values embedded in Islamic tradition — fairness, stewardship, ethical exchange — become a meaningful force in the global economy?

Today, that question has been answered. The Islamic economy is no longer an emerging idea. It is an emerging system.

Yet we publish this year's Report in the shadow of an acute human tragedy. The ongoing genocide in Gaza has shaken Muslim communities and conscience-driven citizens the world over. It has also, I believe, accelerated something profound. When people witness grave injustice and feel powerless through conventional political channels, they turn to what they can control: their choices, their capital, their communities.

What we are documenting this year is precisely that: a global consumer and investor base increasingly acting on the conviction that economic life must align with moral life. This is not new as a principle. What is new is the scale, the durability, and the sophistication of the response.

The data in the Report speaks clearly. But beyond the numbers, the more defining story is structural. Sovereign-backed halal value chains. Digitized certification and trust infrastructure. Regional investment platforms. Capital is increasingly flowing not into surface-level demand, but into the systems that serve it: standards that travel, finance that scales, and brands that endure.

What gives me the most conviction is what I would call the authenticity premium. The Islamic economy is not growing by mimicking other models. It is growing by drawing on something genuine: a worldview that has always held stewardship over resources, dignity in exchange, and shared prosperity as foundational, not aspirational. In a world where trust in conventional institutions is fraying, that authenticity is competitive advantage.

The Quranic reminder (49:13) that we were made into peoples and tribes that we may know one another — not to dominate one another — has never felt more relevant to the global business conversation.

While this Report maps the full breadth of trends shaping the Islamic economy, what energizes us most is something larger. Across the world, consumers and investors are demanding that economic life reflect human values. The Islamic ethical economy — rooted in stewardship, fairness, and dignified exchange — is uniquely positioned to be not just a beneficiary of this movement, but one of its most credible architects: converting global sentiment into durable supply chains, trusted standards, and financial rails that reward responsibility.

We are honored to continue documenting and shaping that story.



UNSPLASH/UCK CHEN

# Disruptive by Design

Ángel  
Monroy

Creative  
Director

Imagining a multipolar world is not an easy exercise after 80 years of the so-called "Pax Americana".

With the world's economic gravity shifting firmly away from the West, the traditional centers of power are under pressure. These tectonic geopolitical movements could be gradual or seismic, at times explosive and destructive, like lava advancing slowly but unstoppably.

The magnitude of this shift will be felt globally, with "poles of influence" such as the US, China, Russia, India, Europe, Iran, regions such as the GCC, and economic blocs such as BRICS seeking to assert themselves in the emerging order. Whether these forces compete, align, extract resources, wealth, and influence, or partner around shared strategic goals remains to be seen. How prepared the world — and specifically OIC Countries — will be for this transition is one of the defining strategic questions ahead.

At the same time, the world is entering an era of rapid technological transformation that makes the transition anything but seamless. Digital networks and infrastructure have become the new arteries of power — as critical as trade routes — and the capacity to build, secure, and evolve them will define which players thrive in the new order.

This context frames, inspires, and powers the visual language of this year's SGIE Report, anchored in three attributes: *Disruptive. Tectonic. Digitized.*

The color palette is rooted in geology and geopolitics, drawing from the language of tectonic forces and shifting horizons — dense, ancient, and under constant pressure — evoking the stage where competing global forces collide. A lava-inspired orange cuts through as the defining accent, while two shades of blue speak to the emerging and transitioning players of a new multipolar world order.

Finally, the imagery reflects the vast networks that sustain human civilization. From architectural and urban patterns to those found in nature, and from digital grids to the repetitive sequences embedded in our daily lives.

All of this is instrumental not only in imagining a new world, but in creating one. It's time.



# Executive Summary

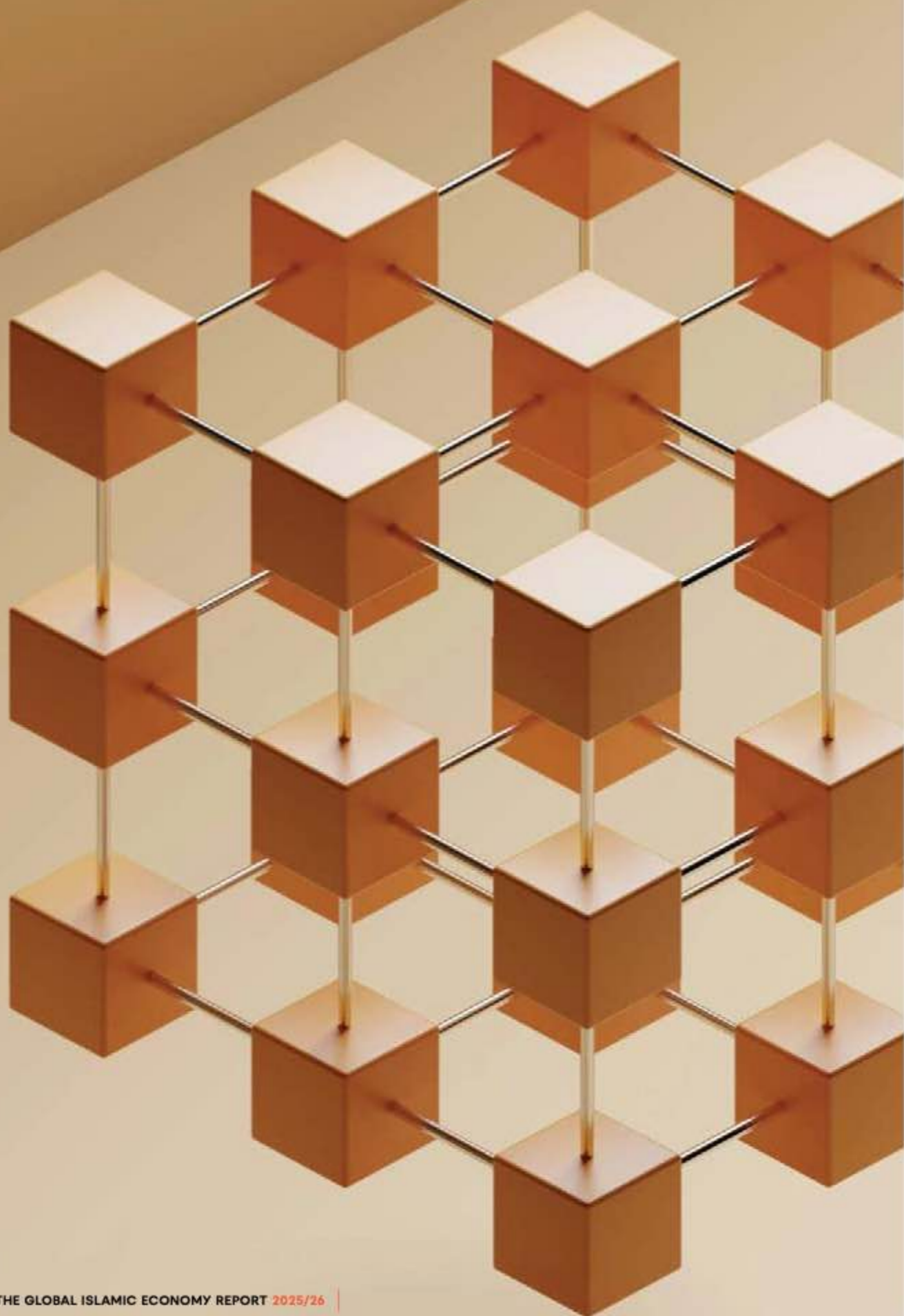
The Islamic economy is shifting from demand growth to sovereignty-building. Governments and investors are industrializing halal value chains, digitizing trust infrastructure, and scaling Islamic finance rails. Consumer activism is no longer episodic: alternative brands sustain engagement beyond the boycott peak, turning values into market power.

**IN A REALIGNING WORLD**, economic sovereignty is no longer defined only by control over territory or capital. It is increasingly shaped by who controls supply chains, standards, platforms, consumer loyalty, and the financial rails that connect them. As trade routes shift, geopolitical blocs evolve, and external shocks expose structural dependencies, the Islamic (or halal) economy is emerging not merely as a fast-growing market, but as a more strategic economic system. Across its seven sectors (halal food, Islamic finance, Muslim-friendly travel, modest fashion, halal pharmaceuticals, halal cosmetics, and media and recreation) the central story this year is not just growth in demand, but the strengthening of the institutional, financial, and digital capabilities that allow the Islamic Economy to capture more value, build resilience, and compete on their own terms.

That scale is now unmistakable. Across the six consumer sectors, the Islamic Economy reached US\$ 2.60 trillion in 2024 and is projected to grow to US\$ 3.56 trillion by 2029, reflecting a 12.6% global consumer market that is related to halal products. Halal food remains the anchor at US\$ 1.53 trillion, rising to US\$ 2.06 trillion,

and still represents the largest expression of everyday Muslim consumer demand. Muslim-friendly travel is the fastest-growing segment, expanding from US\$ 249 billion in 2024 to US\$ 424 billion by 2029, reflecting both post-pandemic mobility normalization and the growing sophistication of faith-conscious travel infrastructure. Modest fashion stands at US\$ 347 billion, projected to reach US\$ 444 billion, while media and recreation rises from US\$ 276 billion to US\$ 364 billion, signaling the growing weight of narrative, content, and digital entertainment in Muslim consumer life. Halal pharmaceuticals are projected to grow from US\$ 112 billion to US\$ 146 billion, and halal cosmetics from US\$ 92 billion to US\$ 124 billion, supported by rising health spending, premiumization, and the continued convergence of halal, ethical, and clean-label preferences. Alongside these consumer sectors, Islamic finance remains the major enabling force of the wider system, growing from US\$ 5.99 trillion in 2024 to US\$ 9.72 trillion by 2029.

The Global Islamic Economy Indicator shows where this broader sovereignty agenda is being translated into ecosystem strength. Malaysia remains the overall leader



with a score of 186.1, followed by the United Arab Emirates at 137.5, Saudi Arabia at 107.9, Indonesia at 96.0, and Bahrain at 76.0. The top tier remains firmly led by markets that have combined policy coherence, institutional development, and sustained ecosystem investment. At the same time, notable momentum is visible in countries such as Türkiye, Iran, and Maldives, showing that gains in governance, sector development, and international positioning can quickly translate into stronger ecosystem performance. The message from this year's rankings is clear: leadership in the Islamic economy is increasingly being shaped not just by market size, but by the ability to build integrated systems of finance, regulation, trade facilitation, and innovation.

Trade and investment trends reinforce that same direction. OIC economies recorded US\$ 421.5 billion in halal-related imports in 2024, with the market projected to reach US\$ 616.1 billion by 2029, reflecting the depth of demand across food, pharmaceuticals, cosmetics, and fashion. Yet OIC Countries still posted a sizable halal products trade deficit, underlining the importance of stronger domestic production, regional industrial strategies, and deeper intra-OIC supply chains. In parallel, investment activity accelerated sharply in 2025, reaching 346 transactions, up from 225 in 2024 and 220 in 2023, with around US\$ 13.1 billion in disclosed deal value. Islamic finance led deal activity with 122 transactions, followed by halal food and Muslim-friendly travel, pointing to a clear investor preference for ecosystem infrastructure, scalable platforms, and enabling rails rather than stand-alone consumer brands. This is a meaningful shift: capital is increasingly flowing into the backbone of the Islamic economy, not just its surface-level demand.

The same realignment is visible on the consumer side. In a world where political legitimacy, identity, and market behavior are becoming more intertwined, consumer choice itself has become a form of economic reallocation. This year's consumer pulse shows that values-driven purchasing is proving more durable than many expected. Our social media listening analysis tracked 26,809 posts across Instagram and Facebook, monitored over 86 million engagements, and incorporated more than 9,300 tweets on X across three periods: pre-movement, peak movement, and the current post-March 2025 phase. The key finding is not simply that alternative brands surged during the boycott period, but that engagement remained elevated afterward. On Instagram, engagement rose from 1.7 million before the movement to 31.1 million during the initial phase, then climbed further to 40.9 million in the current period. On Facebook, engagement recovered strongly to 6.9 million in the current period. In other words, this is no longer only a reactive boycott story. It increasingly reflects a deeper consumer realignment in which purchasing behavior, identity, and values are combining to shift market power toward alternative and regionally aligned brands.

Across sectors, the opportunity signals are increasingly strategic. In halal food, sovereign-backed protein platforms, digitized certification, and mutual recognition

frameworks are reshaping the global halal value chain. In Islamic finance, digital rails, innovative instruments, and broader retail participation are widening the role of Shariah-compliant capital as the system's main enabler. In Muslim-friendly travel, large-scale destination investments, pilgrimage digitization, and longer-stay models are deepening the sector's economic footprint. Modest fashion continues to expand through platform-led growth and the internationalization of digital-native brands. Halal pharmaceuticals are moving from import dependence toward capability-building and localized production. Halal cosmetics are growing through premium, health-adjacent, and ethically positioned formats. Media and recreation is becoming increasingly important as a domain of narrative control, cultural production, and youth engagement. Together, these signals point to an Islamic economy that is no longer growing only because Muslim demand is rising, but because the underlying systems needed to serve that demand are being built more intentionally.

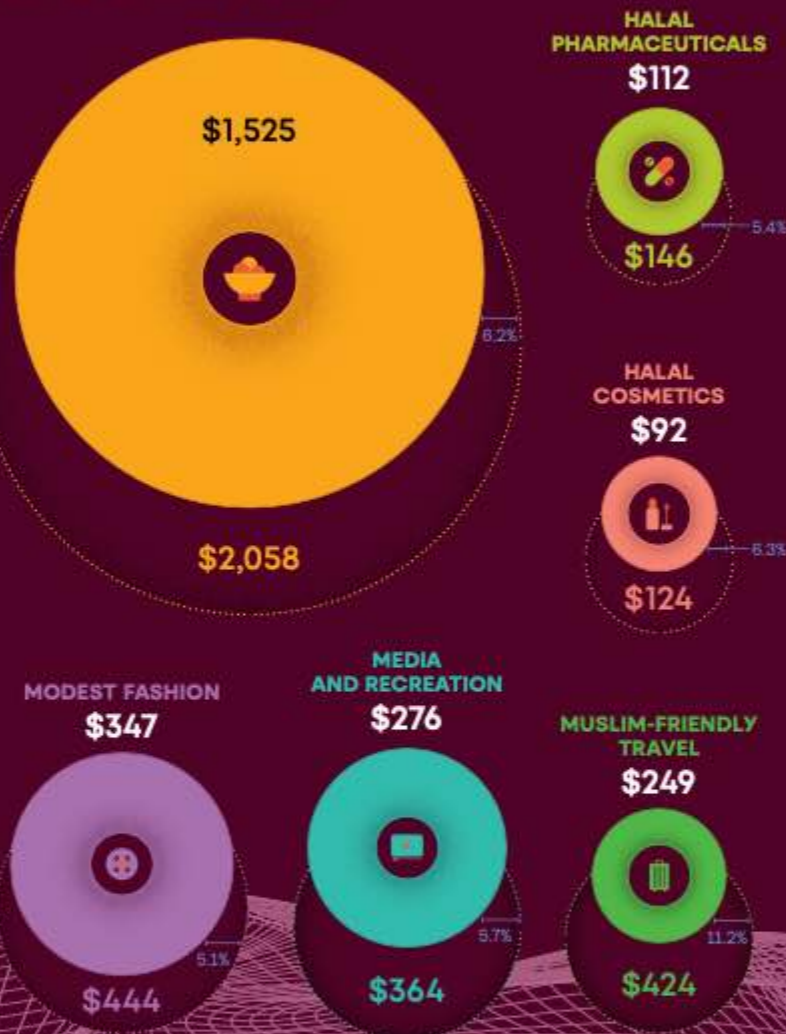
This is the defining finding of the year. In a realigning world, the Islamic economy is moving from demand growth to sovereignty-building. The markets that will lead the next phase are those that can convert values into systems, and systems into advantage: standards that travel, finance that scales, brands that endure, and institutions that reduce dependence while widening opportunity.

# THE GLOBAL ISLAMIC ECONOMY 2024/25 OVERVIEW

## CONSUMER POWER

Represented by **\$2.6 trillion** of consumer spending by **2 billion Muslims** across six real-economy sectors (2024). YOY growth 2023-24 of 7%, reaching **\$3.56 trillion by 2029** (6.5% CAGR).

KEY ● 2024 ◊ 2029 — CAGR%



ALL FIGURES IN US\$ BILLION, UNLESS STATED OTHERWISE

## PLUS: ISLAMIC FINANCE

**\$5.99 trillion** in Islamic Finance Assets (2024 est).



## TRADE CORRIDORS

BRICS+ now includes 5 OIC countries, its founding members already dominate OIC halal exports.

US\$ BILLION (2024)



## INVESTMENT BUILDERS

\$13.1 billion deployed across 346 deals. The money is flowing into the backbone of the Islamic economy, not just its surface.

### TOP 5 COUNTRIES BY VALUE OF TRANSACTIONS (2025)



### SHARE BY SECTOR

35%	18%	17%	14%	11%	4%
Islamic Finance	Halal Food	Media and Recreation	Muslim-Friendly Travel	Halal Pharma	Others

## CONSUMER PULSE

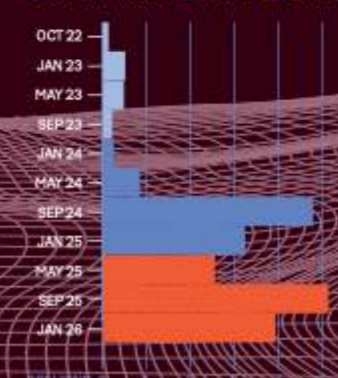
Values-driven shift sustaining with 86 million+ social media interactions on 40 alternative brands emerging in response to the globally recognized Gaza genocide.

### TOP 10 BRANDS WITH HIGHEST RETENTION RATE

- OnePath Network
- Wardah
- Kopi Kenangan
- National Food
- ZUS Coffee
- Gaza Cola
- String
- Janji Jiwa
- Almaz Chicken
- Ash collection

### ALTERNATIVE BRAND'S SOCIAL MEDIA ENGAGEMENT

■ Pre-movement ■ Initial ■ Current



## SIGNALS OF OPPORTUNITIES

IMPACT + Low + Moderate + High



All estimates by DinarStandard except for Islamic Finance sector provided by ISEED Data & Analytics Islamic Finance Development Indicator 2025 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2021 consumer data as baseline reference. Halal and related product exports are based on ITC Trademap 2024 data. Projections are based on data from IMF Outlook from October 2025. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from Jan 2025 to Dec 2025. For social media listening, 40 alternative consumer brands were monitored across Instagram, Facebook, and X across three periods: pre-movement, peak activism (Oct 2023-Mar 2025), and post-March 2025, to assess whether engagement was sustained or event-driven. SEE APPENDIX FOR DETAILED METHODOLOGY. OIC: Organization of Islamic Cooperation, 57 mostly Muslim majority member countries.

## SOVEREIGN INDEX

81 countries. Five dimensions. The GIEI measures who is building the systems that convert market demand into durable economic sovereignty.

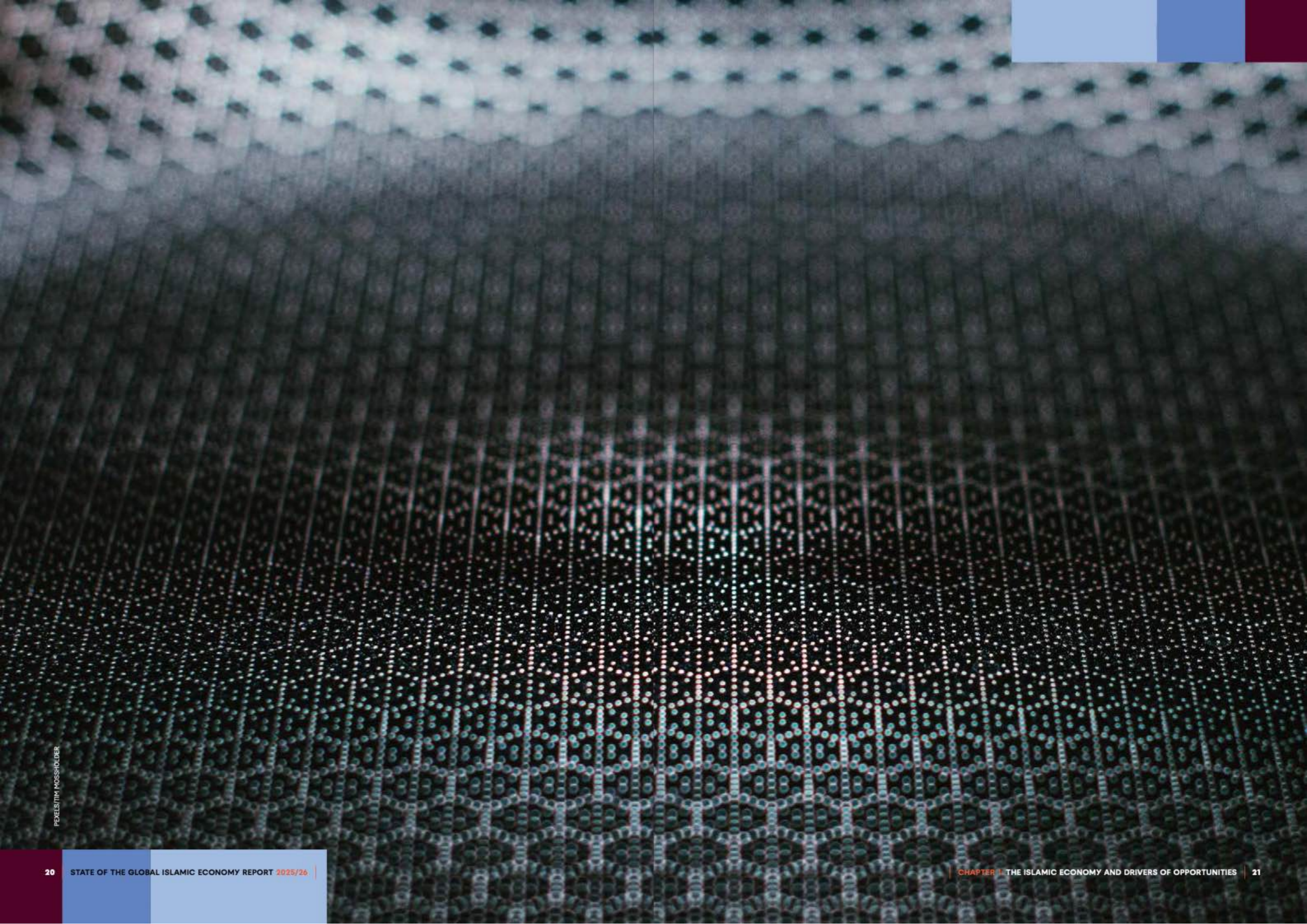
### GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING 2025

(SEE CHAPTER 4 FOR DETAILS)





# The Islamic Economy and Drivers of Opportunities



# Definition

SINCE ITS LAUNCH IN 2013, this annual report series has defined the "Islamic economy" as sectors comprising core products and services that are structurally affected by Islamic ethics and law. Islam, underlying the notion of "halal" or permissible, directly impacts the core products and services offered in a number of economic sectors, including food, finance, fashion, tourism, media and recreation, pharma, and cosmetics. While other sectors such as education and philanthropy are impacted by Islam's values and principles, these are not within the scope of this Report.

In this chapter, we present the principles underlying Islamic law as they pertain to these sectors and outline the key drivers shaping the growth of the global Islamic economy.

It is vital to recognize that there are variations in the adherence to and practice of Islam among Muslims. Nevertheless, the fact that many Muslims identify Islam as an important part of their lives has driven a multi-trillion-dollar market opportunity across the core sectors of the Islamic economy.

The principles shaping the core sectors of the Islamic economy are derived from the Quran (the Muslim holy book believed to be the word of God) and the Sunnah (the sayings and the way of life of the Prophet Muhammad, peace be upon him). The following section sheds light on the impact of Islamic law and ethics on the core sectors of the Islamic economy.



PEXELS/IGEN KOKOL

# Summary of Key Characteristics of the Islamic Economy Across Sectors

## HALAL PRODUCTS

### Halal Food, Pharmaceuticals, and Cosmetics

Halal products are defined by compliance with Islamic principles that prohibit specific substances and production practices considered harmful or unethical. Beyond ingredient restrictions, halal assurance now increasingly encompasses the entire value chain, including sourcing, processing, logistics, storage, and labeling. As regulatory frameworks and certification systems mature across Muslim-majority and non-Muslim countries, halal standards are evolving into markers of quality, safety, and transparency, attracting both Muslim and non-Muslim consumers seeking trusted and ethically produced goods. This growing global recognition reflects a broader shift toward conscious consumerism, where halal certification serves as a reliable benchmark for integrity and responsible production.

### Modest Fashion

Modest fashion is rooted in Islamic guidance on dress that emphasizes dignity, coverage, and appropriateness, while allowing for cultural diversity and personal expression. Over time, modest fashion has evolved from a niche religious category into a globally recognized segment within the fashion industry. Increasing emphasis on sustainability, ethical production, and inclusive design has strengthened its appeal beyond Muslim consumers, positioning modest fashion as a bridge between faith-based values and mainstream fashion trends, inspiring designers worldwide to embrace more thoughtful and inclusive creative approaches.

## ETHICAL AND SOCIAL FINANCE

### Islamic Finance

Islamic finance is grounded in principles derived from the *Qur'an* and *Sunnah* that emphasize fairness, risk-sharing, asset-backed transactions, and the avoidance of exploitative practices such as interest (*riba*) and excessive uncertainty (*gharar*). These principles translate into financial models that promote real economic activity, social responsibility, and long-term value creation. As global interest in ethical and sustainable finance grows, Islamic finance increasingly overlaps with ESG and impact-oriented investing, positioning it as both a faith-based and globally relevant financial system.

## HALAL LIFESTYLE

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

Islamic lifestyle sectors reflect how faith-informed values shape everyday economic choices related to leisure, media consumption, and travel. Muslim-friendly tourism emphasizes halal food availability, family-oriented environments, privacy considerations, and faith-friendly services, while Islamic-themed media and recreation align content with ethical and cultural values. These sectors are being reshaped by digital platforms, experiential consumption, and younger Muslim demographics, creating new opportunities for content creation, destination development, and cross-border services that appeal to values-conscious audiences.



PEXELS/HELENA LOPES



# Key Growth Drivers

## DEMAND-SIDE DRIVERS

### Growing Young Muslim Population

The global Muslim population is rapidly growing and currently stands at over two billion<sup>1</sup>, representing over 25% of the global population as of 2025. It is projected to reach 2.2 billion (26.4%) by 2030 and 2.8 billion (29.7%) by 2050. This ongoing demographic growth remains a key driver of the halal economy.

The global median age for Muslims was nine years below the non-Muslim median (24 vs. 33). 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.

### MUSLIM AND NON-MUSLIM'S GLOBAL MEDIAN AGE<sup>1</sup>



## The Affluence of Muslim Consumers

The International Monetary Fund (IMF) estimates (in its 2023/2024 outlook) that the combined GDP of OIC (Organization of Islamic Cooperation) countries grew 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. 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%.

### GDP PER CAPITA OF TOP OIC COUNTRIES



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.

## Islamic Values-Driven Lifestyle and Consumption Global Brand Involvement Patterns

One powerful force behind growing halal food consumption is ethical and values-driven consumption, especially among younger Muslims. This generation increasingly demands halal food that is ethically sourced, platforming companies that combine halal certification with cruelty-free practices, eco-friendly packaging, and transparent supply chains.

At the same time, digital transformation is amplifying halal consumption in unprecedented ways. E-commerce platforms are making halal-certified food more accessible globally, while social media and influencer marketing help halal brands connect with younger, tech-savvy consumers. Technologies like blockchain, AI, and traceability systems further build trust by enabling consumers to verify the halal status of products in real-time.

Recent research from the Pew Research Center points to a significant resurgence in religiosity globally, particularly when compared to the landscape two decades prior. 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.

### Digital Connectivity and the Rise 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.

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. As digital adoption increases in high-population markets, e-commerce is set to outpace traditional retail in more regions.

### Intersection of Islamic Value 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. 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

In 2025, government institutions continued to play a pivotal role in shaping the Islamic economy by strengthening regulatory frameworks, institutional coordination, and international cooperation aimed at supporting halal ecosystem growth and credibility.

A notable development this year has been Indonesia's formal establishment and expansion of the Halal Product Assurance Organizing Agency (BPJPH) as a cabinet-level authority specifically responsible for organizing halal certification and policy leadership within the country. BPJPH now possesses the mandate to formulate halal policies, issue and revoke halal certificates, accredit foreign and domestic halal certification bodies, and facilitate export-oriented halal compliance, signaling a shift toward a more systematic and governance-driven halal ecosystem.

In addition to national reforms, institutional dialogue on global halal standard harmonization is gaining renewed momentum. For example, engagement by Indonesian authorities and international partners at events such as the 2025 IFESDC Forum in Washington, D.C. highlighted collaborative efforts to align halal certification criteria across jurisdictions and reduce compliance discrepancies, which have historically impeded cross-border trade<sup>3</sup>.

### National Islamic Economy Strategies

In 2025, Indonesia elevated its Islamic economy from a sectoral priority to an integral component of its national development strategy through explicit inclusion in both its National Long-Term Development Plan (2025–2045) and the National Medium-Term Development Plan (2025–2029). The government's strategic roadmap emphasizes enhancements to the halal certification regime, expanded access to sharia-based financing for micro, small, and medium enterprises (MSMEs), and strengthened regulation through cross-sectoral collaboration<sup>4</sup>.

Senegal has recently articulated a comprehensive economic vision that strategically incorporates Islamic finance instruments as core components of national fiscal policy. Recognizing strong domestic demand for Shariah-compliant investment vehicles, the government introduced Islamic finance-based sovereign instruments such as sukuk within its broader economic framework, enabling citizens to directly participate in funding public infrastructure and strategic industries in a manner that aligns with their values<sup>5</sup>.

### Global Brand Involvement

In 2025, mainstream global consumer brands are increasingly integrating halal-compliant offerings into their international product portfolios to capture growing demand from Muslim and ethical consumer segments. One stand-out example is the European food brands that are signaling



deeper engagement with halal consumer markets. For instance, French halal meat producer Isla Délice expanded its European footprint in 2025 through strategic acquisitions and cross-border distribution channels, reflecting how established food brands are professionalizing halal supply chains and integrating halal offerings into mainstream retail environments across Europe. Such moves indicate that major global brands are no longer treating halal as a niche compliance label, but as a strategic market segment with significant commercial potential, contributing to broader ecosystem development in halal food, beauty, and lifestyle categories.

### Islamic Economy Investment Activity

In 2025, investment activity within the Islamic economy has been driven by continued expansion in Islamic finance instruments and sovereign-backed strategic allocations. For example, Indonesia issued multiple sovereign green sukuk tranches in 2025, continuing its leadership in combining Shariah-compliant financing with climate and sustainability objectives.

In parallel, Gulf markets have maintained strong sukuk issuance momentum. According to S&P Global Ratings (2025 outlook), global sukuk issuance is projected to remain above US\$ 160–170 billion in 2025, supported by refinancing needs, infrastructure funding, and diversification of funding sources across GCC sovereigns and corporations. The UAE and Saudi Arabia continue to account for a substantial share of issuance, with Islamic banks reporting sustained asset growth tied to infrastructure, housing, and mega-project financing<sup>6</sup>.

### Rise in Trade Agreements and Intra-OIC Trade

Recent academic analysis, including “From Fragmentation to Integration: A Review of China's Halal Supply Chain Management and Its Role in Achieving Sustainable Development Goals” (RSIS International, 2025)<sup>7</sup>, highlights how fragmented certification systems, inconsistent logistics standards, and limited cross-border recognition frameworks continue to constrain halal trade scalability. The paper's examination of China's halal supply chain illustrates that without standardized accreditation mechanisms and interoperable traceability systems, halal trade remains vulnerable to duplication, inefficiencies, and trust deficits. These structural bottlenecks are not unique to China but reflect broader challenges across Muslim-majority and non-Muslim Markets seeking to integrate into the global halal value chain.

The study argues that integration, through harmonized standards, institutional oversight, and transparent supply chain governance, can transform halal trade into a cohesive transnational ecosystem. For intra-OIC trade, this reinforces the need for mutual recognition agreements and unified halal accreditation frameworks to reduce non-tariff barriers and transaction costs.

# Key Trends and Innovations in the Islamic Economy

## TR-01: Geo-Economic Realignment and South–South Corridors

The global trade architecture is undergoing structural rebalancing. OIC economies are increasingly diversifying trade, investment, and currency exposure toward Asia, Africa, and emerging Global South corridors. The expansion of BRICS+, stronger China–GCC trade ties, and rising intra-OIC trade flows signal a shift from Western-centric financial dependency toward multi-aligned economic partnerships.

For the Islamic economy, this realignment is more than geopolitical positioning, it strengthens halal supply chains, deepens Islamic finance cross-border flows, and enhances bargaining power in global trade negotiations. Countries such as Saudi Arabia, Indonesia, Türkiye, Malaysia, and the UAE sit at critical corridor intersections, positioning Islamic economy markets as connective nodes in a multipolar system.

## TR-02: State-Backed Islamic Economy Strategies 2.0

Islamic economy strategies have entered a new phase. Unlike earlier policy waves focused primarily on certification expansion and Islamic banking growth, today's strategies are embedded within national industrial policy, export competitiveness agendas, food security frameworks, and sovereign investment strategies. Governments are institutionalizing halal ecosystems through mandatory certification rollouts, digital infrastructure, international accreditation outreach, and SME export enablement, reflecting a more comprehensive and forward-looking approach to economic governance.

This "2.0" phase reflects a shift from compliance-led growth to ecosystem industrialization. The Islamic economy is increasingly treated not as a niche religious segment, but as a strategic economic pillar tied to resilience, diversification, and geopolitical positioning. As a result, policy coherence and cross-border harmonization are becoming central competitive advantages.

## TR-03: Halal Supply Chain Digitization

As halal markets scale globally, trust infrastructure has become as critical as production capacity. Governments and industry players are integrating blockchain traceability, digital certification platforms, AI-driven compliance monitoring, and smart logistics systems into halal food, pharma, and cosmetics value chains. Digitization reduces fraud, enhances export acceptance, and strengthens transparency in complex cross-border supply chains.

This shift marks a transition from static paper-based certification models to dynamic, real-time verification ecosystems. In a fragmented geopolitical environment, digital traceability also functions as trade diplomacy—facilitating mutual recognition agreements and enabling halal exporters to access diversified markets with greater credibility.

## TR-04: Islamic Digital Assets and Alternative Gold Models

Financial innovation within the Islamic economy is accelerating. Gold-backed savings platforms, Shariah-compliant digital investment products, tokenized sukuk experimentation, and fintech-enabled micro-investment models are expanding access to ethical finance. Younger Muslim demographics—digitally native and investment-curious—are increasingly engaging with asset-linked products aligned with faith principles.

At the same time, this innovation layer introduces regulatory fragmentation risks. Harmonization of Shariah governance, digital asset oversight, and cross-border compliance will determine whether Islamic digital finance evolves into a scalable alternative financial architecture or remains regionally segmented. The opportunity lies in pairing technological advancement with institutional credibility.

## TR-05: Fragmentation of Global Media

Global media ecosystems are increasingly shaped by algorithm shifts, ownership concentration, and geopolitical polarization. Research continues to show persistent framing biases in coverage of Muslim communities, while platform-level policy changes affect content visibility and monetization dynamics. As information flows fragment, narrative asymmetries influence investor perception, tourism flows, consumer behavior, and geopolitical legitimacy.

## KEY TRENDS AND INNOVATIONS IN THE ISLAMIC ECONOMY



For the Islamic economy, media fragmentation represents both risk and opportunity. Weak narrative control can undermine market confidence and brand positioning. Conversely, it creates space for strategic investment in Muslim-owned media assets, distribution networks, and content ecosystems that align economic growth with cultural agency.

## TR-06: Strategic Sovereign Investment in Halal Verticals

Sovereign wealth funds and state-backed investment vehicles across the GCC and parts of Southeast Asia are increasingly deploying capital into food security, logistics, pharmaceuticals, biotechnology, tourism, and media—sectors directly linked to halal and Islamic economy expansion. With trillions in assets under management, these funds are accelerating consolidation, scaling national champions, and building vertically integrated ecosystems.

This trend reflects a broader strategic shift: halal sectors are no longer purely private-sector growth stories but components of national economic security. Sovereign capital is shaping supply chains, branding power, and export positioning, reinforcing the Islamic economy as an industrial and geopolitical lever rather than merely a consumer segment.

## Innovating Knowledge-Driven Solutions for Shared Prosperity



### *Honoring Our Values, Shaping the Future*

- We are the knowledge beacon of the Islamic Development Bank Group, advancing Islamic economics and finance through thought leadership, innovative solutions, and human capital development.
- Grounded in our intellectual heritage and guided by the objectives of Shari'ah, we promote inclusive, resilient, and sustainable development pathways.
- Working with our partners, we support the development and application of knowledge-driven solutions that advance social and economic progress for IsDB Member Countries and Muslim communities worldwide.

Access 500+ publications on our pioneering e-book reader platforms



### ● **Enabling Ecosystems for Islamic Finance**

Supporting the development of Islamic finance architecture to support sustainable economic development in Member Countries and communities.

### ● **Islamic Social Finance**

Advancing Awqaf, Zakat, and social finance to support economic and financial inclusion.

### ● **Entrepreneurial Leadership**

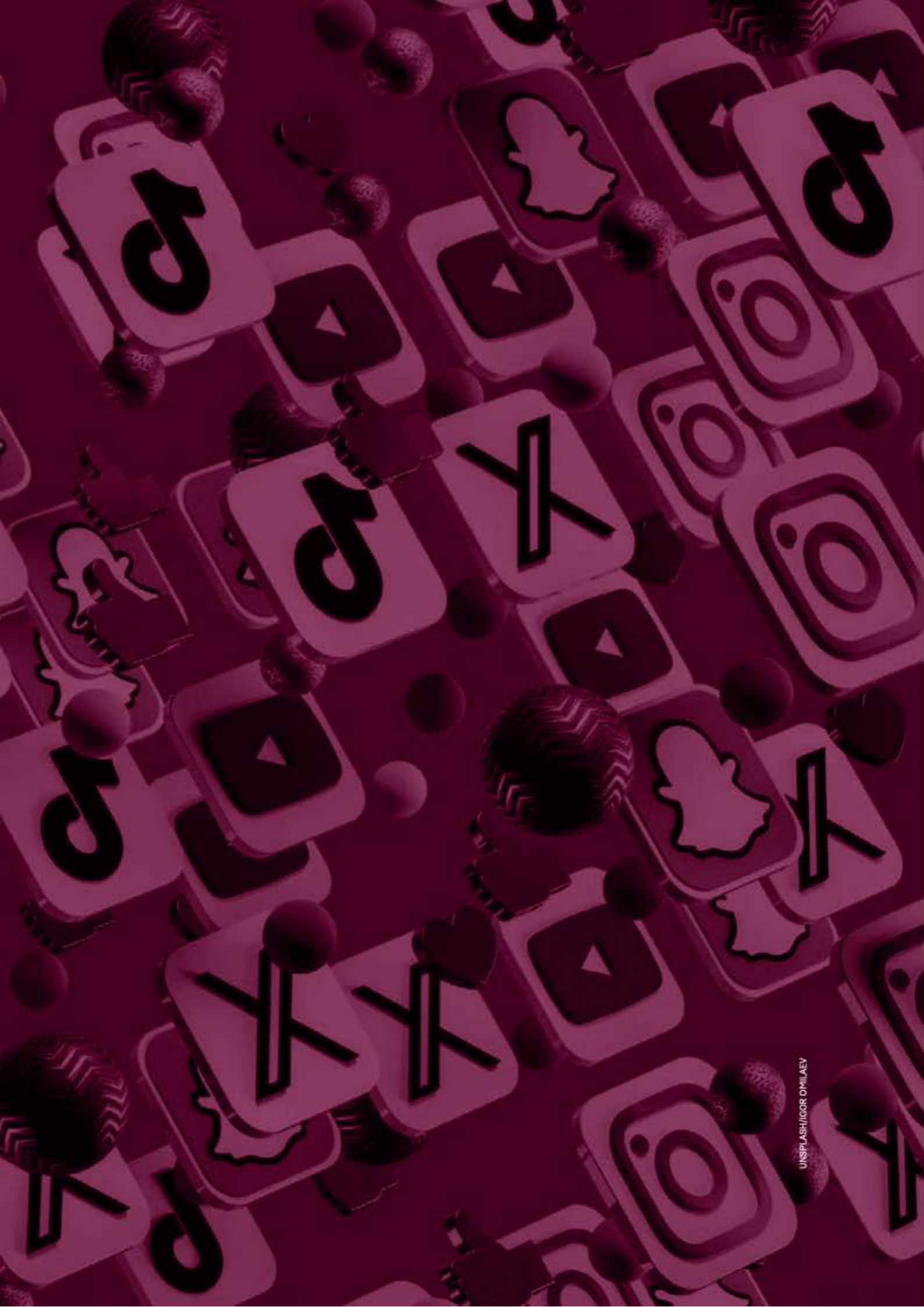
We cultivate future entrepreneurial leaders capable of creating wealth and promoting shared prosperity within their communities.

### ● **Digital Finance and AI**

Pioneering digital and AI applications to amplify the value and impact of Islamic finance.

### ● **Islamic Financial Stability and Risk Management**

Promoting financial stability through risk-sharing, performance-based finance, and macro-economic resilience.



CHAPTER

CHAPTER

# Consumer Pulse: The Durability of the Values- Driven Shift



PIXELS/PLANETE BLEUENE

# Our Observation to the Movement

THE PREVIOUS YEAR'S SGIE REPORT, analyzed social media sentiment on a trend that emerged strongly driven by a consumer boycott movement in response to the globally recognized Gaza genocide. Social media platforms increasingly act as both a reflection and an accelerator of these shifts, where consumer sentiment, activism, and brand preferences interact in real time.

From our social media exercise in the SGIE 2024/2025 report, we have identified a list of alternative brands performance in the initial period of escalated conflict in Gaza. Our finding at the time is that we saw more pressure towards global brands and positive sentiments towards local alternative brands which create a behavioral spending shift. Applications like Boycat and No Thanks have been among the important drivers of this movement. In terms of sectoral distribution, halal food alternatives have been the frontrunner of the alternative brands universe, by their numbers and performance.

If consumer-led activism reshaped consumer behavior at its peak, the real question now is whether that momentum has sustained, or whether alternative brands have translated visibility into lasting engagement.

To answer this, we conducted a structured social media listening analysis across 40 most prominent alternative consumer brands that emerged last year as well as new alternative ones that have emerged since then. These brands' social media accounts covering Instagram, Facebook, and X (formerly Twitter) were analyzed spanning three defined time horizons:

- Pre-movement (before October 2023)
- Initial movement period (October 2023 – March 2025, ended with the ceasefire agreement)
- Current period (post-March 2025)

In total more than 86 million total engagements were monitored, providing a robust behavioral signal rather than anecdotal insight. These engagements were across 26,809 posts, split almost evenly between Instagram (13,049 posts) and Facebook (13,760 posts), making this one of the most comprehensive structured observations of alternative-brand engagement in the post semi-cease-fire Gaza environment. Instagram dominated with 73.8 million interactions compared to Facebook's 12.8 million, highlighting the critical role platform dynamics play in driving visibility and traction.

To complement this behavioral layer, the analysis incorporated over 9,300 tweets on X referencing the same brands across the three periods. While Instagram and Facebook capture what audiences do (engagement), X reveals what they say, offering insight into sentiment, intent, values alignment, and substitution narratives. The purpose of this chapter is therefore not merely to report engagement metrics. It is to triangulate behavior and expression, and to determine whether observed patterns reflect sustained consumer realignment toward alternative brands, or whether the movement surge represented a temporary spike rather than a structural shift.



PEXELS/GUY JOBEN

## KEY ALTERNATIVE BRANDS BY SECTOR

ALTERNATIVE BRAND / SERVICE	ISLAMIC ECONOMY SECTOR	PRODUCT GROUP	COUNTRY / ROOTS
Gaza Cola	Halal Food	Beverages	UK / Palestine
Palestine Cola	Halal Food	Beverages	Sweden / Palestine
Cola Next	Halal Food	Beverages	Pakistan
V7	Halal Food	Beverages	Pakistan
Spiro Spathis	Halal Food	Beverages	Egypt
Salaam Cola	Halal Food	Beverages	Middle East
String	Halal Food	Beverages	Pakistan
Selecto	Halal Food	Beverages	Algeria
Pakola	Halal Food	Beverages	Pakistan
ZUS Coffee	Halal Food	Beverages	Malaysia
Nasken Coffee	Halal Food	Beverages	Malaysia
Fore	Halal Food	Beverages	Indonesia
Kopi Kenangan	Halal Food	Beverages	Indonesia
Janji Jiwa	Halal Food	Beverages	Indonesia
Qahwah House	Halal Food	Beverages	US
Haraz	Halal Food	Beverages	US
Kababjees	Halal Food	Fast food	Pakistan
Al Baik	Halal Food	Fast food	Saudi Arabia
Marrybrown	Halal Food	Fast food	Malaysia
Almaz Chicken	Halal Food	Fast food	Indonesia
Kudu Sandwich	Halal Food	Fast food	Saudi Arabia
Shah's Halal Food	Halal Food	Fast food	US
Halal Guys	Halal Food	Fast food	US
Mayora	Halal Food	Snacks	Indonesia
Nabati	Halal Food	Snacks	Indonesia
Biscolata	Halal Food	Snacks	Turkiye
Sasa	Halal Food	Food Staples	Indonesia
Indomie	Halal Food	Food Staples	Indonesia
Mamee	Halal Food	Food Staples	Malaysia
National Food	Halal Food	Food Staples	Pakistan
Shan Food	Halal Food	Food Staples	Pakistan
Max Fashion	Modest Fashion	Fashion retailer	UAE
Modanisa	Modest Fashion	Fashion platform	Turkiye
Aab collection	Modest Fashion	Fashion brands	UK
Make Over	Halal Cosmetics	Make-up	Indonesia
Emina	Halal Cosmetics	Skin Care	Indonesia
Wardah	Halal Cosmetics	Wide range Cosmetics	Indonesia
Huda Beauty	Halal Cosmetics	Wide range Cosmetics	UAE
Telegram	Media and Recreation	Messaging platform	UAE
Alchemiya	Media and Recreation	Streaming platform	UK
OnePath Network	Media and Recreation	Production company	Australia
PalestinePact	Media and Recreation	Digital tools	Global

SOURCE: SGIE 2024/2025, DIIARSTANDARD ANALYSIS

## DID THE ATTENTION SUSTAIN?

The data suggests that attention did not collapse after the initial spike; it structurally shifted upward.

On Instagram, total engagement with alternative brands increased from 1.7 million (pre-movement) to 31.1 million during the initial movement period, and further to 40.9 million in the current period. Rather than tapering off post-ceasefire, engagement continued to expand. Facebook showed a slightly different trajectory: engagement dipped during the initial phase (2.6 million) compared to pre-movement levels (3.3 million), but then rebounded sharply to 6.9 million in the current period, more than doubling its initial-period performance.

A similar pattern is observed on X, where conversation volume was highest during the Initial Period (3,662 tweets; 39.3% of all records), followed by the Current Period (3,038; 32.6%) and Pre-Movement (2,619; 28.1%). While discourse peaked during the movement surge, it did not collapse afterward. Instead, conversations remained meaningfully elevated in the current phase, suggesting that public discussion has stabilized at a higher baseline rather than reverting to pre-movement levels.

This pattern aligns with broader digital behavior research. Studies show that hashtag-driven activism often spikes rapidly, but sustained engagement occurs when movements evolve from symbolic expression to habitual consumer behavior.<sup>8</sup> The Edelman Trust Barometer (2024) notes that consumers increasingly view purchasing decisions as an extension of personal values, reinforcing that activism can translate into longer-term brand realignments.<sup>9</sup>

## SECTORAL VIEW

While overall engagement remained elevated, the movement did not affect all sectors equally. To understand where attention translated into tangible gains, sectoral performance is examined across two phases: Activism Growth and Retention Rate.

- **Activism Growth** – The acceleration from the Pre-Movement period to the Initial Activism period.
- **Retention Rate** – The continuation (or decline) from the Initial period to the Current period.

The first measures reactive momentum. The second measures structural durability.

The activism growth data shows that cosmetics dominated the initial surge, recording a 220.9x increase in total engagement and a 135.4x increase in engagement per post. This was the strongest multiplier across all sectors, indicating a powerful emotional and identity-driven response. Fashion also recorded strong activism growth (26.19x total engagement), though its engagement per post suggests this was more volume-driven than structurally embedded, implying that while fashion attracted significant attention and participation, the engagement lacked deeper habitual consistency. Beverages, while not matching cosmetics in

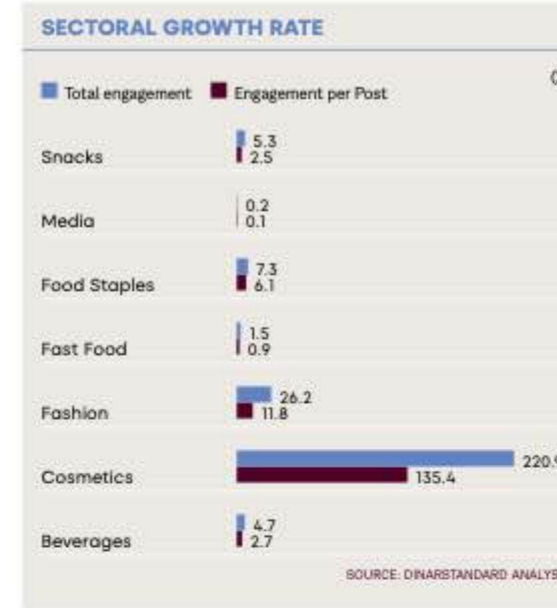


headline multipliers, posted a solid 4.68x increase in total engagement with simultaneous engagement-per-post improvement. This suggests more balanced growth — not just reactive amplification, but audience pull. Food staples and snacks also experienced notable initial uplift (7.29x and 5.29x respectively), reflecting substitution behavior in daily consumption categories. The media, however, recorded an initial contraction (0.16x), indicating that narrative platforms did not benefit immediately during the peak movement phase.

### RETENTION TELLS A DIFFERENT STORY.

While cosmetics surged initially, their retention multiplier is modest relative to their initial spike. Growth has stabilized. The most striking performer in retention is media, which recorded a 24.14x increase in total engagement from the Initial to Current period, alongside a 12.73x increase in engagement per post.

This suggests that narrative ecosystems consolidated influence after the peak emotional phase. Beverages demonstrated steady and healthy retention growth, reinforcing the thesis that substitution in beverages has become habitual. Engagement per post continues to rise, indicating audience stickiness rather than fatigue. Fast food also showed strengthening retention, with engagement per post increasing 1.76x in the current period, signaling normalization of alternative consumption patterns. By contrast, food staples and snacks showed weaker retention momentum, suggesting that some early substitution effects may have softened.



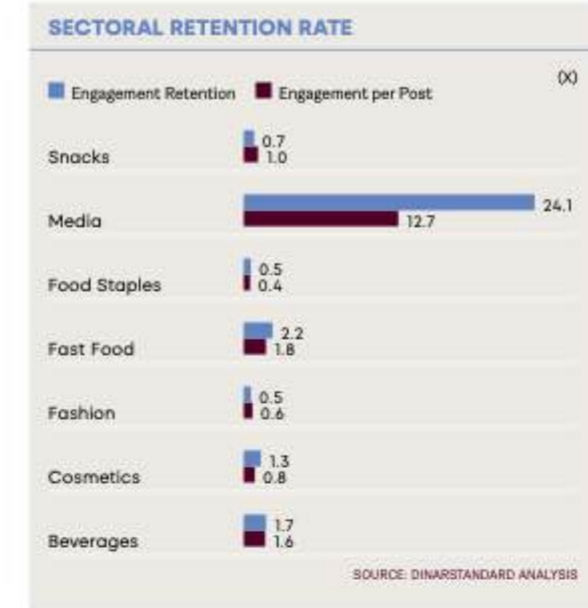
## BRAND-LEVEL PERFORMANCE

Sector trends reveal where attention moved. Brand-level analysis reveals who converted that movement into advantage.

To evaluate competitive positioning, performance was assessed across four dimensions: scale (total engagement), consistency (median engagement), acceleration (post-activism growth rate), and durability (retention rate). Each metric captures a distinct strategic strength that reveals a different facet of a brand's market position. Scale reflects visibility dominance. Consistency measures whether engagement is stable across posts rather than driven by sporadic spikes. Acceleration indicates direct movement-driven substitution effects. Durability captures whether audiences continued engaging beyond the initial emotional surge.

Rather than relying on a single ranking metric, the four-dimensional framework ensures that performance is interpreted holistically. Scale identifies brands that command attention. Consistency filters out one-off viral spikes and highlights stable engagement patterns. Acceleration isolates brands that directly benefited from movement-driven switching behavior. Durability measures whether those gains persisted into the current period.

Scale captures total engagement volume across the observed periods. Brands leading in this dimension benefit from strong digital equity and wide audience reach. Huda Beauty dominates this category with the highest total engagement, reflecting entrenched brand presence rather than purely movement-driven uplift. Its performance signals gravitational visibility, a brand that commands attention regardless of external movement cycles. Large-scale players often benefit from established influencer ecosystems, cross-platform amplification, and strong brand recognition. However, scale alone does not confirm structural advantage; it must be evaluated alongside retention and growth.

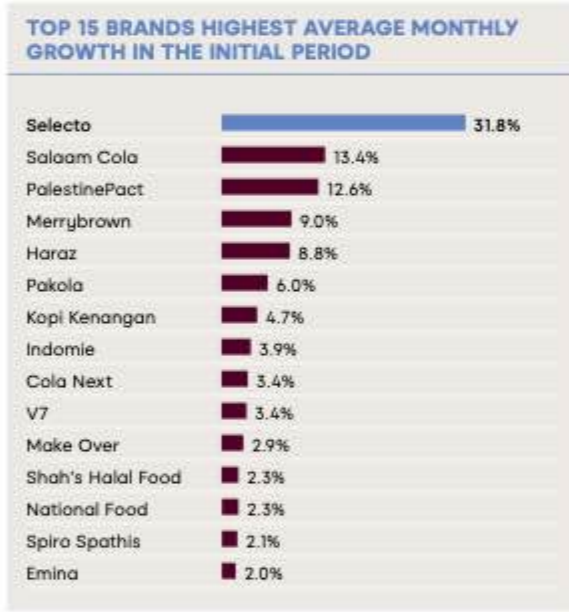
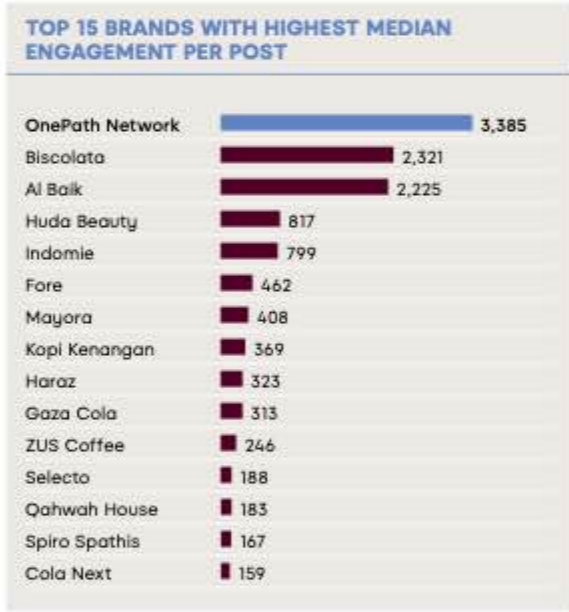
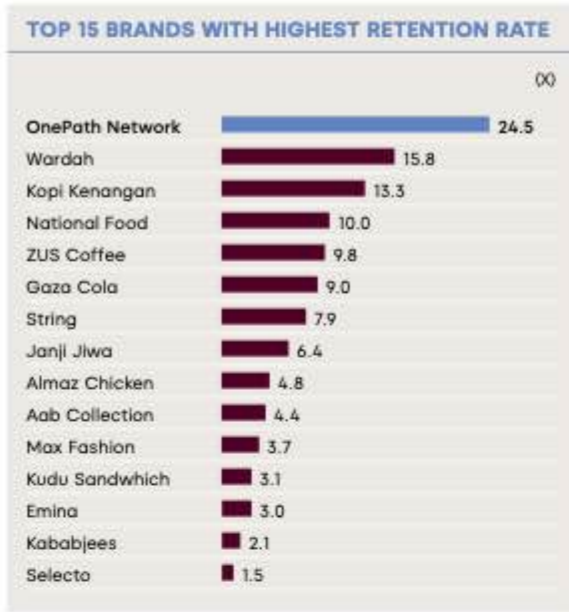
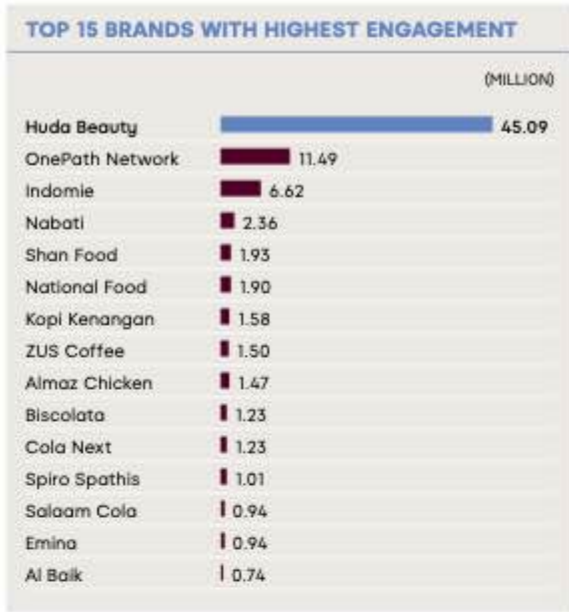


Consistency measured by median engagement highlights brands whose posts consistently generate meaningful interaction rather than relying on occasional spikes. OnePath Network leads in this dimension, demonstrating strong post-to-post reliability. Kopi Kenangan and several beverage brands also perform well, suggesting stable audience pull rather than episodic virality. Consistency often indicates community strength and algorithmic favorability. Brands with high median engagement tend to have repeat engagement behaviors, which are more predictive of long-term positioning.

Acceleration measured by post-movement growth rate isolates brands that directly benefited from substitution dynamics during the movement period. Selecto stands out with the highest growth rate, clearly reflecting symbolic replacement behavior in beverages. Salaam Cola and other



UNSPLASH/BRANDS&PEOPLE



SOURCE: DINARSTANDARD ANALYSIS

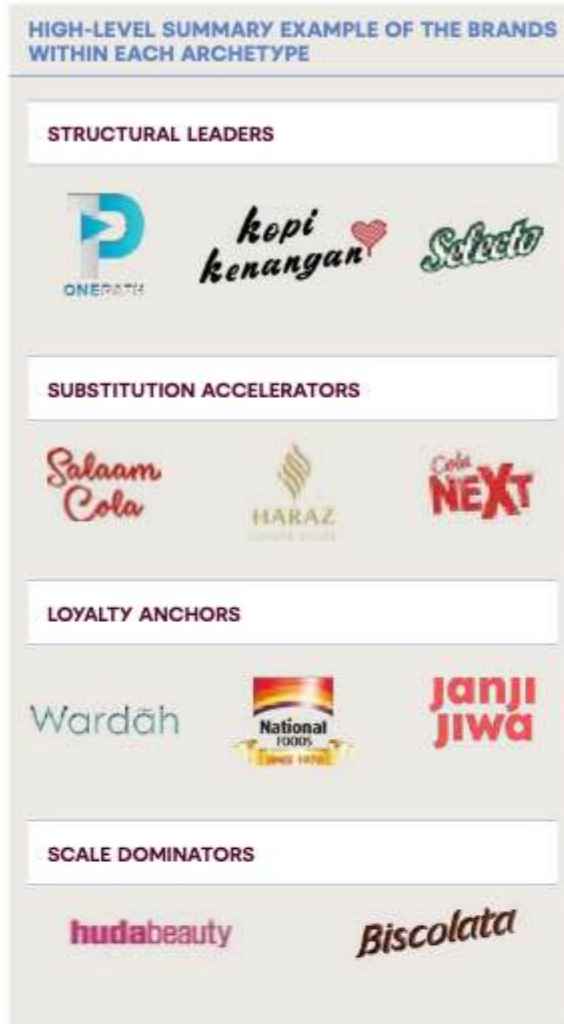
beverage brands also rank highly, reinforcing the sectoral narrative that beverages were the most direct substitution category. Acceleration captures emotional and behavioral switching, but high growth does not automatically imply durability. Some brands experience rapid uptake that later stabilizes.

Durability measured by retention rate measured growth from the Initial period to the Current period. This is arguably the most important structural indicator. OnePath Network leads significantly in retention, suggesting that its audience engagement not only spiked but compounded. Wardah and Kopi Kenangan also demonstrate strong durability, indicating successful consolidation of loyalty. Retention differentiates temporary amplification from embedded consumer behavior. Brands with high retention show evidence of habit formation rather than reactive support.

## Archetypes of Competitive Advantage

When these four dimensions are examined together, distinct performance archetypes emerge.

- **The first archetype is the Structural Leaders:** brands that combine meaningful growth with strong retention and consistent engagement. OnePath Network and Kopi Kenangan fall into this category. These brands demonstrate structural repositioning rather than temporary uplift.
- **The second archetype is the Substitution Accelerators:** brands that experienced rapid movement-driven growth, particularly in beverages. Selecto and Salaam Cola illustrate this pathway. Their advantage stems from clear symbolic replacement.



- **The third archetype is the Loyalty Anchors:** brands that show strong retention even if growth was moderate. Wardah exemplifies this group, translating identity alignment into durable engagement.
- **The fourth archetype is the Scale Dominators:** brands with overwhelming total engagement volume. Huda Beauty leads here, representing brand equity strength rather than movement-dependent performance.

## Narrative Dynamics in Online Conversations

Analysis of X conversations shows how the tone and focus of discussions around alternative brands shifted during the activism period. General discussion remains the dominant narrative across all periods, accounting for 68.5% of tweets pre-movement, declining to 59.4% during the initial movement surge, and stabilizing at 61.2% in the current period.

The most visible shift occurred in activism-driven narratives, which rose sharply from 0.6% before the movement to 8.4% during the initial movement phase, reflecting the surge of politically motivated consumer discourse.



While this share eased to 6.4% in the current period, it remains significantly higher than pre-movement levels, suggesting activism continues to shape conversations.

At the same time, ethics-related discussions slightly increased from 12.6% to 13.2%, while narratives centered on product features and humor remained relatively stable. Overall, the discourse appears to be transitioning from a purely activism-driven spike toward a more balanced mix of values-driven and product-oriented conversations.

## IMPLICATIONS FOR STAKEHOLDERS

The findings suggest that the movement has reinforced an ongoing values-driven shift in Muslim consumer markets. Rather than a temporary spike, the sustained engagement patterns indicate that consumer activism, digital discourse, and brand preference are becoming increasingly interconnected, reshaping competitive dynamics across sectors.

### Key implications include:

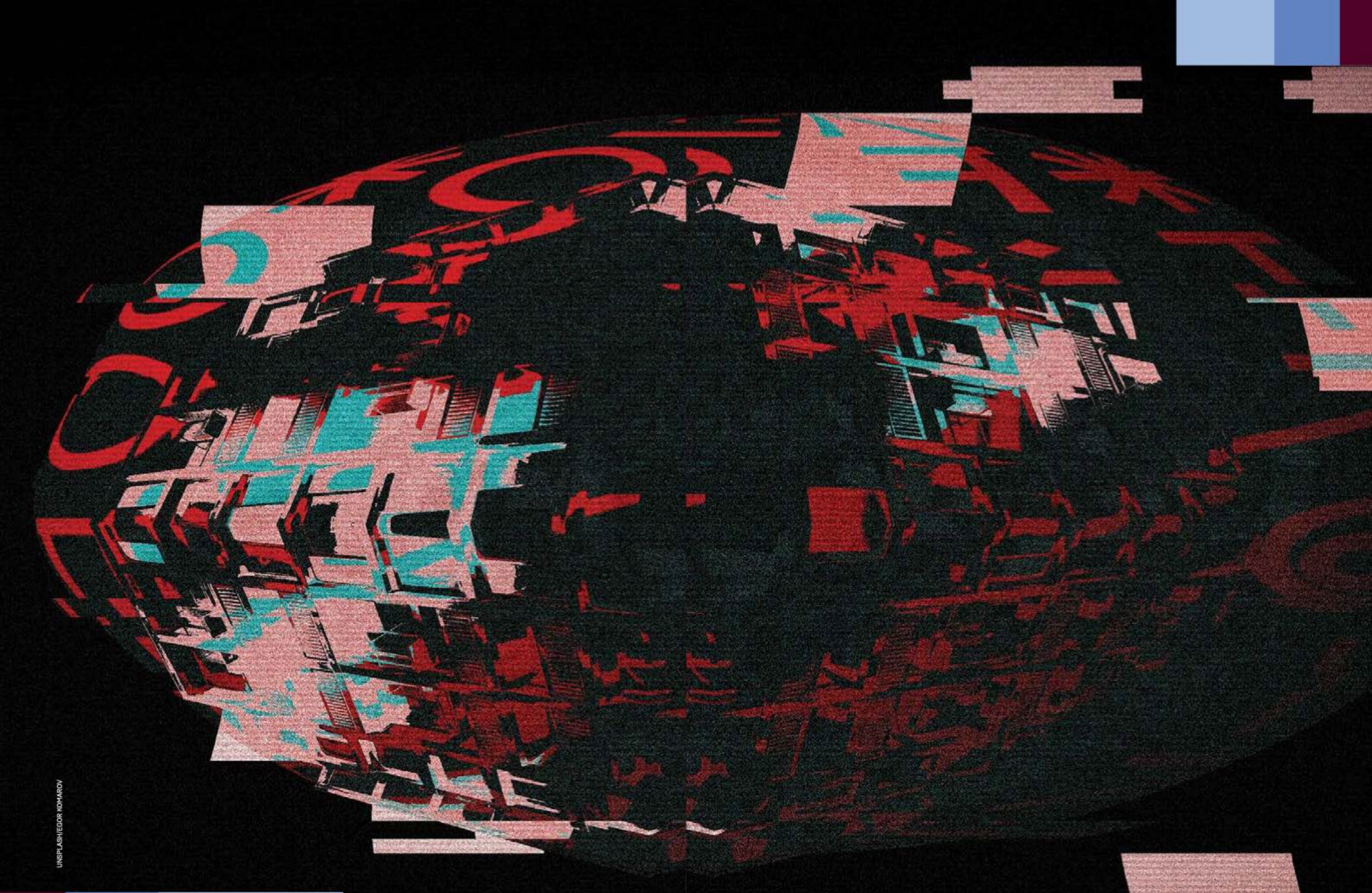
- **For Brands:** Authentic alignment with consumer values and consistent digital engagement are becoming critical. Brands that translate visibility into sustained community interaction are more likely to secure long-term loyalty.
- **For Investors:** Alternative brands in sectors such as beverages, cosmetics, and media are emerging as potential growth leaders, particularly those demonstrating strong retention and sustained audience engagement.
- **For Governments and Policymakers:** The rise of alternative and locally aligned brands highlights an opportunity to strengthen domestic halal ecosystems and support values-aligned industries as part of broader economic development strategies.



CHAPTER

CHAPTER

# Special Chapter: Ongoing Realignment of the World Order



# Navigating Global Shift

Across long arcs of history, power centers have moved repeatedly: from the Roman world to Byzantium; from Mediterranean empires to European colonial powers; from Dutch financial dominance to British naval and industrial hegemony; and, after World War II, to US-led primacy anchored in institutions and a dollar-centric financial system. Ray Dalio's popular "changing world order" framework describes these transitions as recurring cycles, where rising powers accumulate competitiveness and influence while leading powers face debt burdens, internal conflict, and external challenges.

To understand the current moment, it helps to name the "old order" most readers recognize: the post-1945 architecture. The Bretton Woods system created monetary rules and institutions (especially the IMF and the World Bank) to stabilize exchange rates and support reconstruction and development, while the UN framework sought to reduce great-power conflict through collective security and diplomacy. Over time, the US dollar became the core settlement and reserve currency, shaping how commodities are priced, how debt is issued, and how sanctions are enforced. Even as the Bretton Woods fixed-exchange-rate regime ended, the institutional architecture and the dollar's centrality remained powerful.

That order delivered decades of expanding trade and global growth, but it also created concentrated "gateways": dollar liquidity, US-aligned security umbrellas, Western-anchored standards and institutions, and later, platform dominance in the digital economy. Today's "realignment" reflects the fact that global economic weight, technological capability, and political legitimacy are no longer concentrated in a single pole, and the institutions of the old order are strained to adapt at the same pace.

## KEY DRIVERS OF THE REALIGNMENT

### Emerging Asia is rebalancing Western dominance

The most visible driver is the redistribution of economic gravity toward Asia. China and India have grown into major engines of global demand and production; and fast-growing economies like Indonesia and Vietnam have become increasingly central to manufacturing, commodities processing, and consumer markets. This matters for the Islamic/halal economy because demand growth, capital flows, and supply chain decisions increasingly reflect Asian (not only transatlantic) priorities.

Asia's rise is not just "GDP rankings." It is also a consumer story: Brookings projects the world will add roughly 113 million new consumer-class entrants in 2024, with Asia contributing the majority—largely driven by India and China.<sup>10</sup> In practical terms, this expands addressable markets for halal food, modest fashion, Muslim-friendly travel, and digital services—but it also intensifies competition over standards, logistics, and platform access.

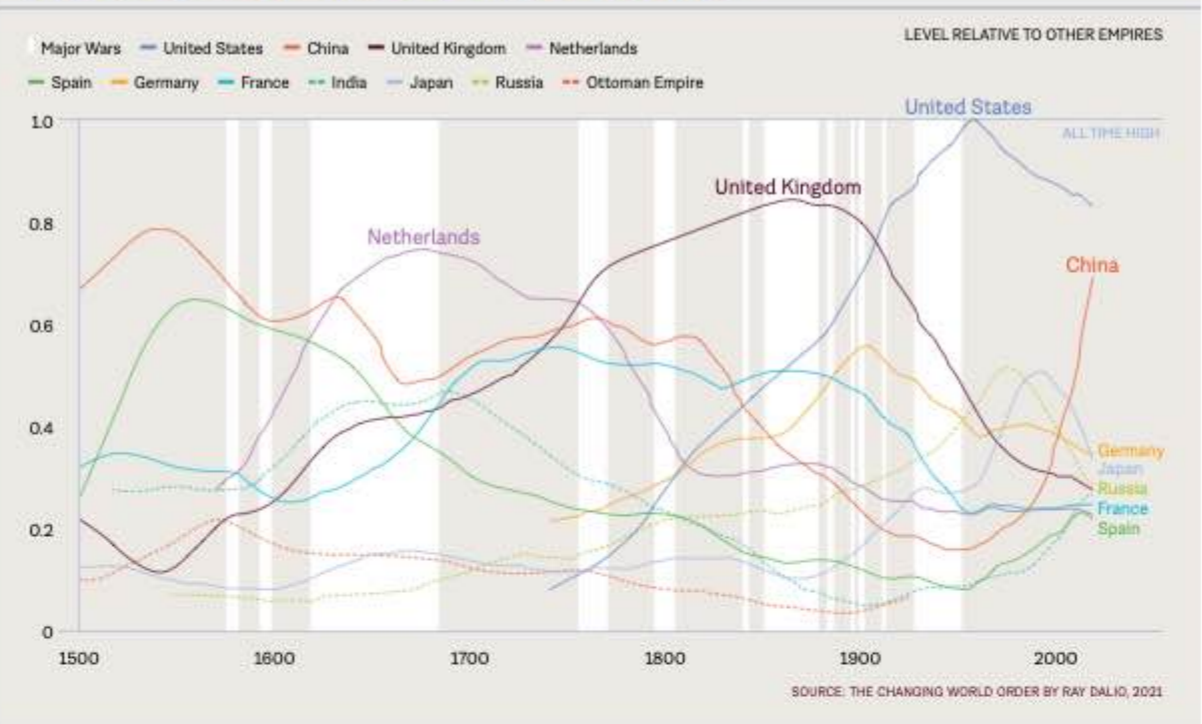
**THE GLOBAL ISLAMIC/HALAL ECONOMY** has always grown within the "rules of the road" set by the existing world order established post World War II led by the leading emerging global power of that time - the United States: how trade routes are secured, what currencies clear cross-border commerce, how standards become default, or which technology platforms shape consumer access and trust. These rules are now dramatically shifting with new emerging centers of powers - especially China. The goal of this special chapter is to recognize a global structural realignment already underway, and to prepare Islamic-economy stakeholders (governments, investors, corporates, standards bodies, and innovators) in a world where power is more distributed, rules are more contested, and resilience becomes a premium.

This chapter's stance is pragmatic: the reshaping of global order is not a moral referendum; it is a reality to navigate. The strategic question for halal industries and Islamic finance is whether they remain price-takers inside other people's corridors, platforms, and standards, or whether they build the institutional and market capacity to become agenda-setters in key domains (trade, standards, talent, capital, and narrative).

## THE WORLD ORDER

"World order" is the operating system of international life: the balance of power among major states; the institutions that translate power into rules; and the economic and security arrangements that make those rules durable. Order is not static. Historically, it evolves as economic weight, military capability, technological leadership, and internal cohesion shift across empires and coalitions.

## RELATIVE STANDING OF GREAT EMPIRES



The second layer is monetary and financial influence. The US dollar remains dominant, but diversification is measurable. The US Federal Reserve's 2025 review notes the dollar comprised about 58% of disclosed global official foreign reserves in 2024, down from a peak of 72% in 2001, a gradual shift driven partly by reserve diversification into "non-traditional" currencies.<sup>11</sup> IMF COFER data releases similarly track incremental declines in the dollar share over time. This is not "the end of the dollar." It is a slow movement toward a more plural currency environment, especially in bilateral trade arrangements and regional settlement.

Finally, institutional coalitions are adapting to this reality. BRICS expansion and "BRICS+" partnering reflect a wider appetite for South-South cooperation and alternative convening power. The Council on Foreign Relations summarizes the bloc's expansion moves and rationale, while Reuters reporting highlights a widening "partner country" layer and new joiners (including Indonesia as a member and Vietnam as a partner country in 2025).<sup>12</sup> The implication is not that BRICS replaces Bretton Woods, de-dollarization efforts face serious headwinds due to entrenched dollar roles and infrastructure constraints.<sup>13</sup> But the political signal is clear: countries want more options, more voice, and more flexibility.

### Technology is becoming a strategic divider (and sovereign asset)

Technology is no longer a "neutral productivity layer." States increasingly treat advanced tech and its inputs

(AI, semiconductors, cyber, data, and critical minerals) as strategic assets that shape national security and bargaining power.

Semiconductors are the clearest example. The US CHIPS and Science Act mobilized US\$ 52.7 billion in incentives for domestic semiconductor manufacturing, research, and workforce development, explicitly framed around supply chain resilience and strategic competition.<sup>14</sup> In parallel, US export controls on advanced semiconductors and semiconductor manufacturing equipment (SME) constrain certain technology flows to China; US congressional research tracks declines in US SME exports to China from US\$ 5.1 billion (2022) to US\$ 4.2 billion (2024).<sup>15</sup>

Upstream, critical minerals and processing capacity have become leverage points. Reuters reported that China controls about 81% of processing capacity for key minerals (including lithium, cobalt, and rare earths), and that in 2024 95% of the EU's rare earth imports came from China, Malaysia, and Russia, highlighting concentration risk and the securitization of supply chains.<sup>16</sup> The International Energy Agency has also warned that new export controls on critical minerals turn "supply concentration risks" into real constraints for global value chains.<sup>17</sup>

For the halal economy, the tech divide matters in three ways:

- Payments and settlement (cross-border rails, digital identity, compliance tech).
- Trust infrastructure (traceability, certification, fraud detection).
- Market access (platforms, app ecosystems, ad networks, and content moderation norms).

In a fragmented tech world, Islamic economy players must be interoperable across competing ecosystems—without becoming dependent on any single one.

### Strategic fear and “stacking crises” are hardening economic blocs

Great-power competition is amplifying a “strategic fear” dynamic: states and firms increasingly price in disruption, including sanctions, tariffs, shipping risk, and sudden policy shifts. This echoes a modernized version of the classic Thucydides problem (rising power vs. incumbent power), but today it often expresses through economic weapons rather than direct war.

The impact of tariffs is already concrete. Yale’s Budget Lab estimated that US tariffs enacted in 2025 raise the price level in the short run and create meaningful household consumer losses, with some categories (like apparel) particularly affected.<sup>18</sup> This is relevant for halal trade because food and consumer goods are price-sensitive, and tariff/standards divergence can fragment halal supply chains across regions. At the same time, supply chain strategies are changing, but not always in a simple “friendshoring” direction. UNCTAD observed that nearshoring and friendshoring trends reversed in 2024, with firms diversifying trade networks across multiple regions to reduce risk, creating opportunity but adding complexity.<sup>19</sup>

### Rise of decentralized models

Decentralization is not replacing states, but it is changing the toolkit.

On finance rails, stablecoins and tokenized settlement are growing quickly, especially for crypto markets and increasingly for cross-border payments. A BIS Bulletin in 2025 noted the number of stablecoins in active use rose from around 60 (mid-2024) to 170+ in 2025, alongside rapid market capitalization growth (while still predominantly USD-linked).<sup>20</sup> The IMF has also highlighted expanding cross-border payment use cases for stablecoins alongside risks and regulatory questions.<sup>21</sup>

On governance, the rise of networked coalitions (issue-based partnerships, minilateral arrangements, and blocs like BRICS with “partner country” layers) creates a more modular geopolitical environment. This modularity gives middle powers more room to maneuver, but it also increases transaction costs: more standards, more compliance regimes, and more political conditionalities.

### THE SHAPE OF THE EMERGING ORDER

**Multipolarity, with uneasy alliances:** The emerging order is best described as multipolar but contested: multiple centers of influence (U.S., China, EU, India, Gulf powers, ASEAN hubs, and others) shape rules in overlapping ways. In this environment, many countries pursue “hedge” strat-

egies, cooperating with the US on security or advanced tech while deepening trade and investment with China. Ian Bremmer describes this as a “post-American order” dynamic in a G-Zero world, where no single power is both willing and able to consistently enforce global rules, and allies increasingly adopt “defense first, hedge second” strategies.<sup>22</sup>

**Regionalization:** Regions are becoming more consequential as economic and security coordination platforms: ASEAN in Southeast Asia, the GCC in the Gulf, and other regional groupings advancing trade facilitation, investment promotion, and infrastructure integration. Regionalization does not end globalization—but it changes how value chains are organized and how standards diffuse.

**Onshoring/nearshoring/friendshoring:** While political narratives emphasize “friendshoring,” evidence suggests a more nuanced reality. UNCTAD’s 2025 assessment emphasizes diversification across multiple regions rather than simple consolidation into allies. For halal supply chains, this implies both risk (fragmented rules) and upside (new manufacturing and logistics nodes in emerging markets).

**Trade corridors as strategic competition:** Trade corridors are increasingly treated as strategic infrastructure. IMEC (India–Middle East–Europe Corridor) is framed as a connectivity and supply chain initiative involving India, Gulf partners, Europe, and the USA. The 2025 Atlantic Council report argues IMEC could reinforce supply chain security and “rules-based connectivity,” positioned as an alternative to corridors dominated by a single government.<sup>23</sup> In parallel, China’s Belt and Road has evolved toward a more selective “quality over quantity” phase often described as “BRI 2.0.”<sup>24</sup>

## GLOBAL ISLAMIC ECONOMY FIT

### Build Institutional and Standards Sovereignty

Multipolarity expands choice. Many Islamic-economy markets sit at the intersection of East-West trade routes and North-South commodity flows. The Gulf is a logistics and capital hinge; Türkiye is a corridor node; Indonesia and Malaysia sit astride Indo-Pacific routes; and African OIC markets link Gulf capital with frontier consumer growth. This geography matters more when corridors and chokepoints become bargaining chips. This geography becomes strategically valuable only when paired with credible institutions, harmonized standards, and financial depth.

At the same time, demand fundamentals are strong. Muslim consumer spending of US\$ 2.60 trillion in 2024 across key halal and lifestyle sectors, with projections rising toward US\$ 3.56 trillion by 2029, and halal food alone at US\$ 1.53 trillion in 2024 projected to US\$ 2.06 trillion by 2029. The opportunity is not just “more consumption.” It is the chance to shape how halal markets are financed, certified, digitized, and branded in a fragmented world.

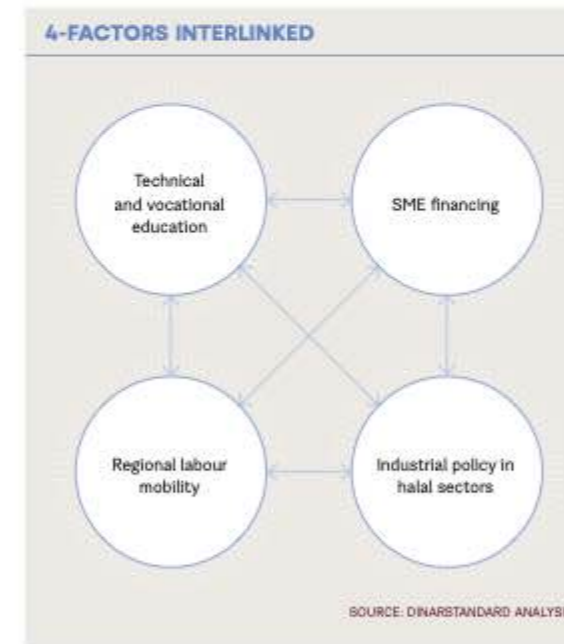
Institutional sovereignty therefore becomes the first

strategic imperative. Fragmented halal standards increase compliance costs and weaken global brand equity. The Standards and Metrology Institute for Islamic Countries (SMIIC) now counts 47-member states and has published 56 OIC/SMIIC standards, providing a foundation for mutual recognition and harmonization.

### Convert Demographics into Productive Power

Demographics are a durable advantage for many OIC markets. SESRIC reporting indicates OIC Countries host a large share of global youth; recent figures put OIC youth at roughly 29%–30% of the world’s youth population in the mid-2020’s (depending on definition), with growth expected.<sup>25</sup> A younger population can be a labor and innovation dividend—if matched with skills, jobs, and productive capital allocation.

Youth becomes leverage only when aligned with industrial capacity. Without skills absorption, demographic advantage can translate into fiscal and employment strain. With proper workforce alignment — in food science, logistics, pharmaceuticals, halal auditing, fintech, and digital media — it becomes an export engine. The Islamic economy must therefore link: Technical and vocational education; SME financing; Regional labor mobility; Industrial policy in halal sectors.



### Capture Value from Strategic Geography

Geostrategic leverage is also physical. Energy and shipping chokepoints remain critical. The US EIA reports that in 2024, oil flows through the Strait of Hormuz averaged about 20 million barrels/day, around 20% of global petro-

leum liquids consumption.<sup>26</sup> The EIA also identifies the Strait of Malacca as a major oil transit chokepoint, with global estimates on chokepoint flows and strategic significance.<sup>27</sup> When chokepoints are near (or within) Islamic-economy geographies, “resilience premiums” accrue, if countries can convert geography into institutions, services, and trusted governance.

### THE RISK OF STRATEGIC DEPENDENCY

The biggest risk is becoming the battlefield of other people’s competition—economically, technologically, and narratively.

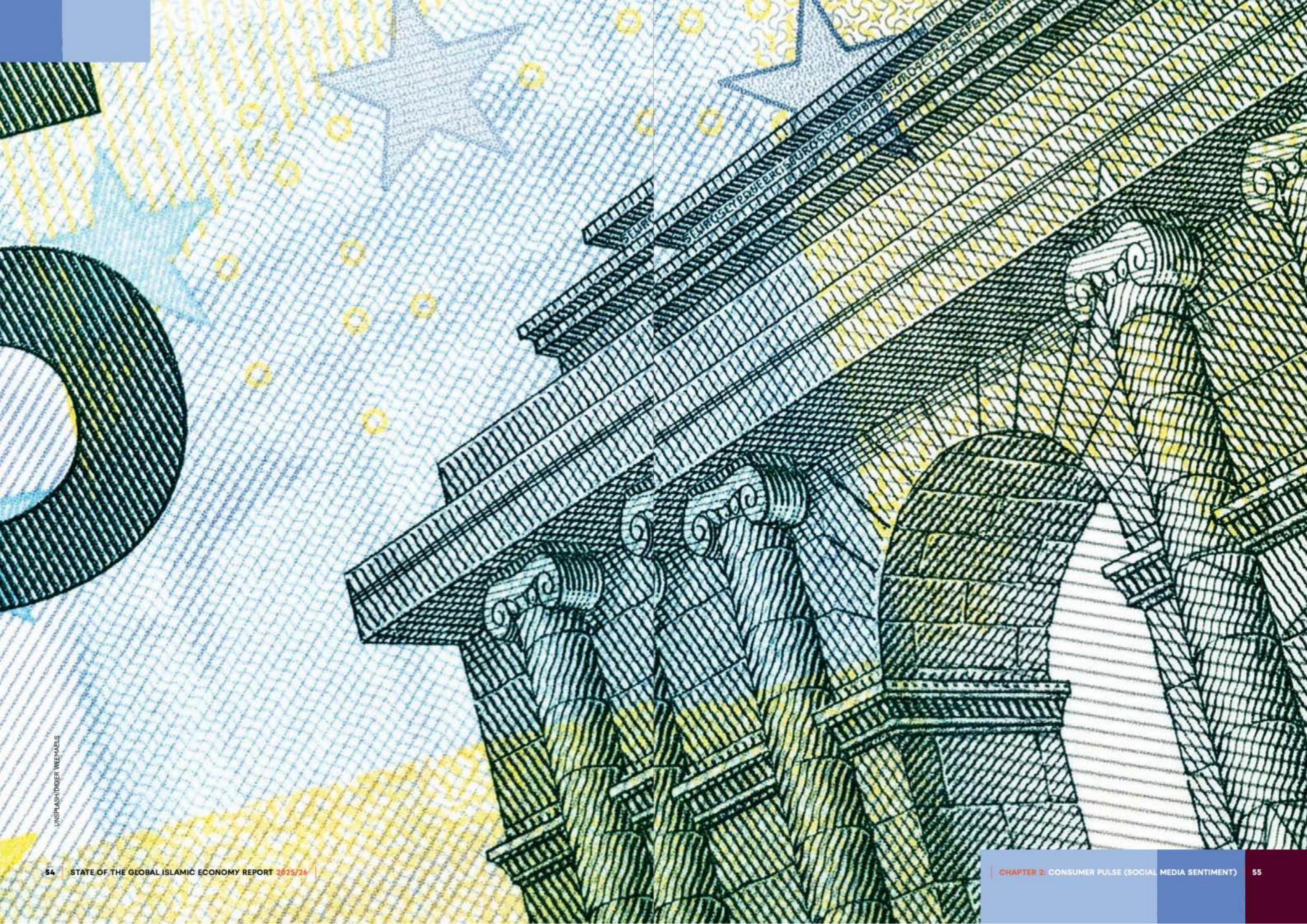
- **Platform dependence:** If payments, e-commerce, cloud, and identity layers are dominated externally, domestic firms become rule-takers on fees, moderation, compliance, and data governance.
- **Standards dependence:** If halal standards and trade compliance are fragmented or externally “validated,” exporters face higher costs and weaker brand control.
- **Legitimacy import:** Overreliance on “imported legitimacy” (external ratings, external narrative framing, external arbitration norms) can weaken bargaining power.

Recent geopolitical shocks underscore how quickly “power politics” can override assumptions. In early January 2026, Reuters reported a US operation in Venezuela and the capture of President Nicolás Maduro, with US leadership stating the US would “run” Venezuela during a transition.<sup>28</sup> Separately, in January 2026, Reuters and other outlets reported renewed US push and political controversy around acquiring Greenland, framed as strategic positioning against Russia and China.<sup>29</sup> Regardless of one’s view, the signal for the Islamic economy is the same: coercive economic and territorial pressures are re-entering mainstream politics, and “rules” can shift suddenly.

CHAPTER

CHAPTER

# The Global Islamic Economy Indicator (GIEI)



# Global Islamic Economy Indicator Overview

**THE TOP FIVE COUNTRIES** remain unchanged, with Malaysia retaining its leading position for the twelfth consecutive year. The United Arab Emirates moved to second place, while Saudi Arabia and Indonesia recorded marginal shifts within the top tier. Iran returns to the top 10, and the Maldives enters the top 15 for the first time. These results reflect the continued strength of established Islamic economy leaders and increasing competition to translate investments, policy frameworks, and industry activity into coordinated halal ecosystem development relative to economic scale.

## PURPOSE AND METHODOLOGY

The Global Islamic Economy Indicator (GIEI) assesses how effectively countries are positioned to capture opportunities within the expanding Islamic economy, relative to their economic scale. Rather than measuring sector size alone, the Indicator evaluates the strength and coordination of ecosystems that enable halal industries to grow and compete sustainably. Now in its twelfth edition, the GIEI benchmarks countries based on their ability to support Islamic economy business activity and serves as a reference point for policymakers, investors, and industry stakeholders seeking to identify ecosystem gaps and prioritise strategic interventions.

The GIEI is a composite index measuring the overall development of the Islamic economy by assessing performance across its underlying components in line with broader economic and social objectives. It comprises 52 metrics organised across five core components spanning the seven sectors of the Islamic economy: Islamic finance, halal food, Muslim-friendly travel, modest fashion, media

### TOP 15 GLOBAL ISLAMIC ECONOMY INDICATOR RANKING

1	Malaysia	
2	UAE	
3	Saudi Arabia	
4	Indonesia	
5	Bahrain	
6	Türkiye	
7	Pakistan	
8	Iran	
9	Kuwait	
10	Jordan	
11	Singapore	
12	Oman	
13	Qatar	
14	Maldives	
15	Bangladesh	

### INDICATOR SCORES BREAKDOWN FOR TOP 15 COUNTRIES

		GIEI	HALAL FOOD	ISLAMIC FINANCE	MUSLIM-FRIENDLY TRAVEL	MODEST FASHION	HALAL PHARMA AND COSMETICS	MEDIA AND RECREATION
1	Malaysia	186.1	128.6	356.2	103.6	79.1	117.5	106.6
2	United Arab Emirates	137.5	108.6	174.5	115.8	85.7	116.6	207.2
3	Saudi Arabia	107.9	63.5	218.8	111.5	32.6	47.7	40.0
4	Indonesia	96.0	83.9	113.9	92.6	113.9	72.8	87.8
5	Bahrain	76.0	52.0	133.8	143.1	20.3	13.5	25.6
6	Türkiye	69.1	62.9	80.9	101.7	84.9	48.8	23.9
7	Pakistan	64.7	66.7	109.1	42.2	22.0	44.2	11.0
8	Iran	63.5	32.6	149.4	43.4	12.5	15.6	17.1
9	Kuwait	55.8	35.3	120.0	30.3	15.8	24.4	21.3
10	Jordan	52.0	40.0	85.5	69.7	21.6	29.8	22.1
11	Singapore	50.8	57.9	15.0	65.9	66.0	74.5	83.2
12	Oman	50.2	43.2	87.4	46.0	19.1	24.9	20.6
13	Qatar	48.3	39.5	76.8	52.3	21.6	25.5	34.5
14	Maldives	46.4	40.6	73.8	86.2	5.5	17.3	12.0
15	Bangladesh	45.0	42.1	56.6	40.3	59.3	42.2	12.2

and recreation, and halal pharmaceuticals and cosmetics.

The five components that make up the Indicator are as follows:

- **Financial sub-indicators:** metrics that gauge the size and economic activity of the sector.
- **Governance sub-indicators:** metrics that assess halal certification systems and Shariah regulatory frameworks (where applicable).
- **Awareness sub-indicators:** metrics that capture industry visibility through media coverage, events, and related initiatives.
- **Social sub-indicators:** metrics that evaluate the social impact generated by sector development.
- **Innovation sub-indicators:** metrics that assess the strength of the innovation landscape within each sector.

To ensure comparability across countries of different

sizes and economic structures, the Indicator incorporates a normalization approach that assesses performance proportionally to economic scale. This ensures that results reflect the effectiveness of ecosystem development rather than absolute market size, allowing smaller economies to demonstrate meaningful progress through targeted improvements, while larger economies must exhibit broader, system-wide advancement to achieve comparable gains.

To enhance the Indicator's accuracy and fairness, a comprehensive framework was introduced for Governance and Awareness sub-indicator data collection.

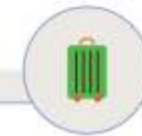
As competition intensifies across halal industries, the GIEI increasingly reflects not only sectoral performance, but the ability of countries to build integrated, future-ready ecosystems that connect regulation, investment, production, and market access.

# Top 10 Ranked Countries by Sector



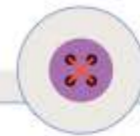
## HALAL FOOD

		Score
1	Malaysia	128.6
2	United Arab Emirates	108.6
3	Indonesia	83.9
4	Thailand	78.1
5	Brazil	71.8
6	Pakistan	66.7
7	Saudi Arabia	63.5
8	Australia	63.1
9	Türkiye	62.9
10	Egypt	59.6



## MUSLIM-FRIENDLY TRAVEL

		Score
1	Bahrain	143.1
2	United Arab Emirates	115.8
3	Saudi Arabia	111.5
4	Malaysia	103.6
5	Türkiye	101.7
6	Indonesia	92.6
7	Maldives	86.2
8	Kazakhstan	85.1
9	Uzbekistan	84.3
10	Morocco	83



## MODEST FASHION

		Score
1	Indonesia	113.9
2	United Arab Emirates	85.7
3	Türkiye	84.9
4	Malaysia	79.1
5	Italy	69.1
6	Singapore	66.0
7	Bangladesh	59.3
8	China	48.3
9	Morocco	46.6
10	Australia	43.7



## ISLAMIC FINANCE

		Score
1	Malaysia	356.2
2	Saudi Arabia	218.8
3	United Arab Emirates	174.5
4	Iran	149.4
5	Bahrain	133.8
6	Kuwait	120.0
7	Indonesia	113.9
8	Pakistan	109.1
9	Oman	87.4
10	Jordan	85.5



## HALAL PHARMACEUTICALS AND COSMETICS

		Score
1	Malaysia	117.5
2	United Arab Emirates	116.6
3	Singapore	74.5
4	Indonesia	72.8
5	France	72.4
6	Italy	51.4
7	Thailand	51.4
8	Belgium	51.2
9	Germany	50.2
10	Türkiye	48.8



## ISLAMIC-THEMED MEDIA AND RECREATION

		Score
1	United Arab Emirates	207.2
2	Malaysia	106.6
3	Indonesia	87.8
4	Singapore	83.2
5	China	61.8
6	Australia	52.9
7	United Kingdom	44.7
8	Brazil	41.6
9	Saudi Arabia	40.0
10	South Africa	39.7

# Leading Islamic Economy Ecosystems

The leading countries in this year's Global Islamic Economy Indicator continue to demonstrate the importance of coordinated ecosystem development across regulation, investment, trade, and industry infrastructure. While each market exhibits distinct strengths, the highest-ranked countries share strong institutional support, active private-sector participation, and increasing integration of Islamic economy sectors into broader national development strategies. Across the top tier, growth is being reinforced not only by domestic demand, but also through international partnerships, digital transformation, investment activity, and expanding halal trade connectivity.



UNSPLASH/KHALID ELKADY

## MALAYSIA



Malaysia remains firmly in the first position of the Global Islamic Economy Indicator. Malaysia achieved a first-place ranking in 3 out of the 6 sectors

Malaysia's continued leadership in the Global Islamic Economy Indicator is underpinned by the depth, credibility, and global integration of its halal ecosystem. The country has strengthened both institutional infrastructure and commercial execution across sectors. Digitally, the launch of Salaam Market's B2B platform — integrated with financing from Maybank Islamic — is set to onboard 10,000 MSMEs by 2025, reinforcing SME participation in halal-certified supply chains. Malaysia has also accelerated certification reform, introducing the fully digital MYeHALAL system and expanding auditor capacity, while formally adopting OIC/SMIIC halal standards to ensure global alignment. Through JAKIM's international showcasing at World Expo 2025 Osaka and the convening of over 1,000 stakeholders at WHBC 2025, Malaysia continues positioning itself as a global halal connector aligned with the Halal Industry Master Plan 2030.

Major foreign direct investments — including SPC Group's US\$ 29 million halal bakery plant, Otafuku Sauce's US\$ 12.3 million seasoning factory, and OTS Holdings' expanded halal-certified food facility — reinforce Malaysia's role as a preferred halal manufacturing base for ASEAN and GCC markets. Trade diplomacy through the Malaysia-UAE CEPA, ASEAN halal prioritization, and agreements with the United States supports expanded food and pharmaceutical trade. In Islamic finance, Malaysia recorded a 12% increase in assets and a 13% rise in Islamic fund value, alongside PNB's US\$ 300 million sukuk issuance. Together, these developments reflect a coordinated halal ecosystem spanning standards, finance, manufacturing, and trade, anchoring Malaysia's leadership in the index.



PEXELS/HAQAL HADI

	HALAL FOOD	ISLAMIC FINANCE	MUSLIM-FRIENDLY TRAVEL	MODEST FASHION	HALAL PHARMA AND COSMETICS	MEDIA AND RECREATION
<b>Overall Ranking</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>2</b>
<b>SUB-INDICATOR RANKING</b>						
Finance	3	1	13	19	19	6
Governance	1	2	1		1	
Awareness	1	3	2	2	1	1
Social	29	3	10	45	25	7
Innovation	17					

## UNITED ARAB EMIRATES



The UAE moves up to the 2nd position from 4th in both 2024 and 2023. The UAE performed well across sectors, ranking within the top 3 across all sectors.

The United Arab Emirates' strong performance in the Global Islamic Economy Indicator reflects its position as the region's primary capital, trade, and deal-making hub within the Islamic economy. The UAE retained its status as the most active investment destination by volume, recording 94 transactions across venture capital, private equity, and M&A, reinforcing its role as a platform for Islamic finance, technology, and consumer-facing halal ventures. This is further supported by the UAE recording the second-highest FDI inflows among OIC Countries at US\$ 45.6 billion, equivalent to 5.24% of GDP, underscoring its position as a gateway for regional and cross-border capital flows.

In trade, the UAE ranked as the seventh largest exporter to OIC markets, with export growth of 7.83% between 2023 and 2024, reflecting sustained integration into halal supply chains. The signing of a Comprehensive Economic Partnership Agreement with Malaysia, which includes an Islamic economy chapter and mutual halal recognition, further strengthens its global connectivity. At the policy level, the approval of a National Strategy for Islamic Finance and the Halal Industry provides coordinated top-down direction for product innovation and international positioning.

In Islamic finance, the UAE expanded retail participation through the launch of a government Treasury Sukuk program accessible from AED 4,000, while digital innovation advanced through ruya's Shariah-compliant Bitcoin trading service. Together, these developments position the UAE not only as a strong domestic performer, but as a capital and connectivity hub shaping flows across the wider Islamic economy.



PEXELS/MD EID

	HALAL FOOD	ISLAMIC FINANCE	MUSLIM-FRIENDLY TRAVEL	MODEST FASHION	HALAL PHARMA AND COSMETICS	MEDIA AND RECREATION
<b>Overall Ranking</b>	2	3	2	2	2	1
<b>SUB-INDICATOR RANKING</b>						
Finance	1	4	2	5	1	1
Governance	1	7	1		1	
Awareness	8	4	7	3	7	5
Social	9	4	18	41	11	1
Innovation	13					

## SAUDI ARABIA



Saudi Arabia ranked 3rd overall with strong performance in Islamic finance, halal food and Muslim-friendly travel.

Saudi Arabia's continued strength in the Global Islamic Economy Indicator reflects broad-based expansion across halal industries, Islamic finance, tourism, technology, and lifestyle sectors under Vision 2030. The Kingdom recorded improvements in both halal food and modest fashion rankings, alongside a 15% increase in food exports, reinforcing its growing production and export competitiveness. Strategic consolidation in halal food included the expansion of Sadia Halal — a US\$ 2.07 billion joint venture between Brazil's MBRF and PIF-backed HPDC — positioning Saudi Arabia at the centre of global halal poultry supply chains. Parallel investments in halal-certified ingredient production, AI-driven poultry management, and national auditor upskilling programs further demonstrate the professionalization and technological upgrading of the halal ecosystem.

In Islamic finance, Saudi Arabia recorded an 18% increase in assets, a 27% rise in outstanding sukuk, and a 46% increase in Islamic fund value, underscoring strong capital-market momentum. Regulatory reforms by the Capital Market Authority and the licensing of STC Bank as a fully Shariah-compliant digital bank further strengthen financial infrastructure. Innovation-led growth is evident across sectors, with the launch of Humain Chat — positioned as an Arabic-first "Halal AI" platform — and a record US\$ 14.9 billion in technology investment announcements at LEAP 2025.

Tourism and lifestyle development remain central, with Riyadh Air's inaugural international launch, US\$ 773 million in new Tourism Development Fund projects, Red Sea Global's US\$ 1.73 billion sustainability-linked financ-



UNSPLASH/SAFAA ALMOHANDIS

ing, and major mega-project openings attracting private capital participation. Events such as Beautyworld Saudi Arabia 2025 and the Global Health Exhibition further signal Saudi Arabia's emergence as a high-growth convening hub. Collectively, these developments reflect a technologically advanced, vertically integrated halal ecosystem spanning finance, food, fashion, travel, and digital innovation.

	HALAL FOOD	ISLAMIC FINANCE	MUSLIM-FRIENDLY TRAVEL	MODEST FASHION	HALAL PHARMA AND COSMETICS	MEDIA AND RECREATION
<b>Overall Ranking</b>	7	2	3	20	11	9
<b>SUB-INDICATOR RANKING</b>						
Finance	13	3	3	38	14	22
Governance	1	13	1		7	
Awareness	16	6	14	12	12	9
Social	37	1	7	31	33	1
Innovation	16					

## INDONESIA



Indonesia ranks 4th overall, ranking within the top 10 for all sectors, ranking 1st in modest fashion and 3rd in halal food and media and recreation.

Indonesia's position in the Global Islamic Economy Indicator reflects the continued strengthening of its governance-driven halal ecosystem and broad-based sectoral momentum. A key development has been the formal elevation and restructuring of the Halal Product Assurance Organizing Agency (BPJPH) as a cabinet-level authority directly under the President, granting it full mandate over halal certification policy, accreditation, and export facilitation. This institutional upgrade, alongside the inclusion of the Islamic economy within Indonesia's National Long-Term (2025–2045) and Medium-Term (2025–2029) Development Plans, signals strong top-down commitment to ecosystem coordination. Indonesia also performed particularly well across the awareness sub-indicator in multiple sectors, reflecting sustained efforts to promote the halal economy through industry events, training programs, certification outreach, and structured MSME capacity-building initiatives.

Internationally, Indonesia has expanded its halal connectivity through 92 mutual recognition agreements across 24 countries, including formal cooperation with the United States and Taiwan, while strengthening oversight of halal-certified imports to safeguard standards integrity. In trade, Indonesia ranks as the ninth largest exporter to OIC markets, with exports rising 4.61% year-on-year, and stands as the third-largest FDI recipient at US\$ 24.2 billion. Islamic finance continues to support national priorities through multiple sovereign green sukuk issuances. Sectorally, Indonesia has reinforced its leadership in modest fashion through MUFFEST+, IN2MOTIONFEST, and the ASIK Creative Export Acceleration Program, while



UNSPLASHIAFFAN FADHLAN

Bio Farma's 9% share of global vaccine volumes and innovations such as the world's first halal-certified syringe highlight pharmaceutical strength. Together, these developments underscore Indonesia's well-developed governance framework, strong awareness-building efforts, and expanding cross-sector halal ecosystem.

	HALAL FOOD	ISLAMIC FINANCE	MUSLIM-FRIENDLY TRAVEL	MODEST FASHION	HALAL PHARMA AND COSMETICS	MEDIA AND RECREATION
<b>Overall Ranking</b>	3	8	6	1	4	3
<b>SUB-INDICATOR RANKING</b>						
Finance	8	5	21	11	28	31
Governance	1	16	1		1	
Awareness	2	1	1	1	2	2
Social	54	14	32	53	46	46
Innovation	23					

## BAHRAIN



Bahrain maintains its 5th position from last year, ranking 1st in Muslim-friendly travel and 5th in Islamic finance.

Bahrain's performance in the Global Islamic Economy Indicator reflects its concentrated excellence in Islamic finance and a diversified economy that continues to build momentum in tourism and supportive sectors. The Kingdom's long-standing reputation as a financial hub is reinforced by its leadership in Islamic finance regulation — having been ranked first globally for Islamic finance regulatory frameworks<sup>30</sup> — and by ongoing innovations in the sector, including the Central Bank of Bahrain's new Shariah-compliant stablecoin regulatory framework that integrates investor protections and digital finance readiness. Islamic finance and related financial services remain a major contributor to the economy, reflecting depth and policy coherence.<sup>31</sup>

Bahrain is also emerging as an increasingly attractive tourism destination, with inbound visitors reaching nearly 15 million in 2024 — an increase of nearly 20% year-on-year<sup>32</sup> — underscoring its broader service sector appeal and reinforcing its top ranking in Muslim-friendly travel metrics within the indicator. This tourism growth aligns with national economic diversification goals and reflects investment in cultural and leisure infrastructure.<sup>33</sup>

Beyond finance and tourism, developments in the halal economy include expansion of local food production capacity through projects such as Ghitha and the General Poultry Company's Food Park, which aims to significantly improve self-sufficiency, and regulatory enhancements that align Shariah competitiveness with broader market readiness. Collectively, these elements illustrate Bahrain's focused but impactful presence within the Islamic economy, anchored by a robust financial ecosystem and supported by growth in services and regulatory innovation.



PEXELS/ILIANA

	HALAL FOOD	ISLAMIC FINANCE	MUSLIM-FRIENDLY TRAVEL	MODEST FASHION	HALAL PHARMA AND COSMETICS	MEDIA AND RECREATION
<b>Overall Ranking</b>	13	5	1	35	48	26
<b>SUB-INDICATOR RANKING</b>						
Finance	30	8	1	41	35	35
Governance	1	1	1		47	
Awareness	22	5	21	20	20	21
Social	10	5	9	42	12	1
Innovation	24					

# Emerging Islamic Economy Ecosystems

Both Thailand and the Maldives recorded notable improvements in their rankings this year, with each entering the top 20 for the first time. The Maldives rose 13 places to reach 14th overall, while Thailand climbed 7 positions to 17th.

## THAILAND



### BIG RANKING MOVES

Halal Food	+11
Modest Fashion	+16
Islamic-Themed Media and Recreation	+15
Halal Pharmaceuticals and Cosmetics	+12

Thailand's rise in the Global Islamic Economy Indicator reflects growing momentum across trade, certification, events, and financial ecosystem connectivity, positioning it as an emerging halal economy hub in Southeast Asia despite its non-Muslim majority. Strengthening international cooperation has been central to this progress, illustrated by the mutual recognition agreement between Thailand's Central Islamic Committee and Halal Approval Global, which simplifies market access for halal-certified producers and reduces duplication of certification barriers. Thailand has also hosted a series of high-profile halal industry platforms in 2025 — including the International Halal Science and Technology Conference (IHSATEC) in Bangkok and the Thailand Halal Assembly and MEGA HALAL exhibitions — enhancing its visibility as a focal point for research, innovation and business engagement in halal science, standards and sustainable product development.<sup>34 35 36</sup>

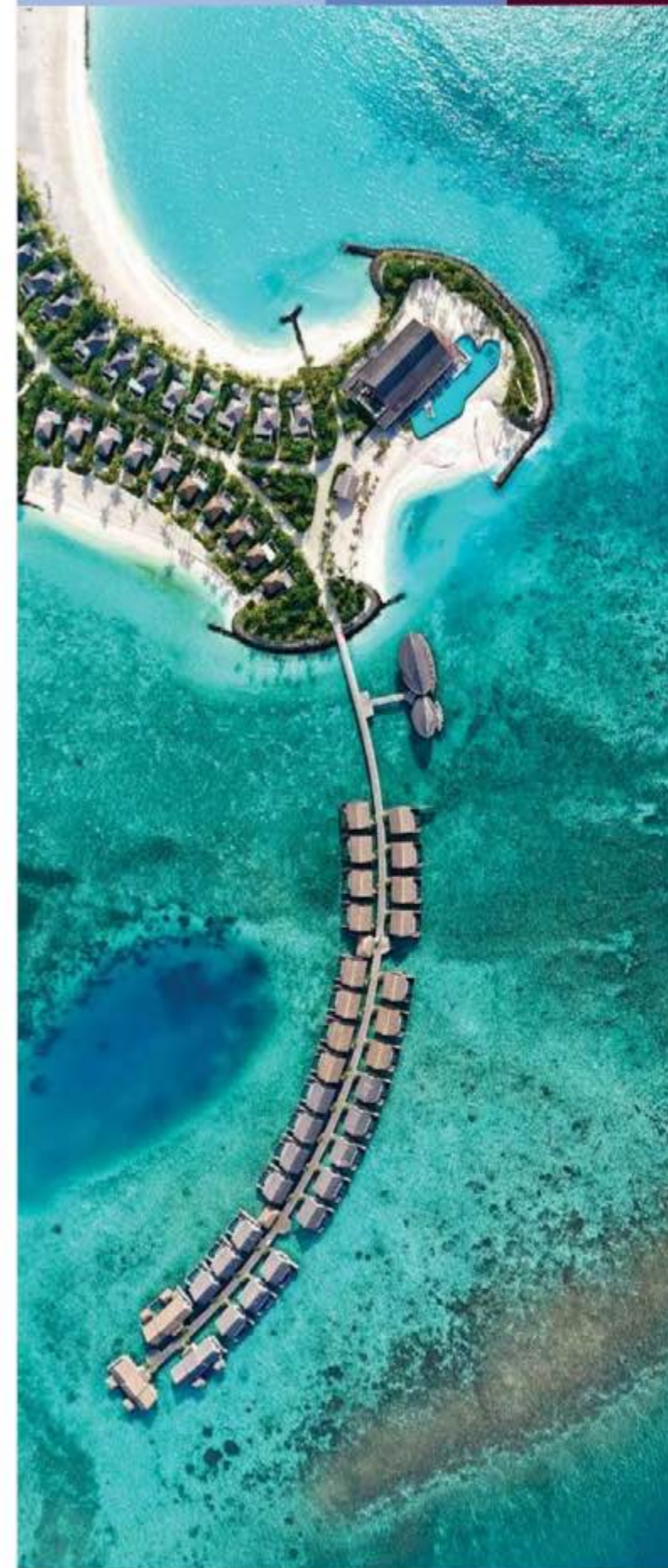
Trade performance further underscores Thailand's expanding role. Exports to OIC grew 178.2% between 2014 and 2024. Meanwhile, Islamic finance continues to deepen domestically, with a 25% increase in the number of Islamic finance institutions, signaling rising financial inclusion and support for halal-aligned enterprises.



UNSPLASH/UDAYADITYA BARUA

Collectively, these developments illustrate Thailand's multi-faceted advancement in the halal economy — blending trade capability, institutional cooperation, sector events that attract global stakeholders, and financial ecosystem expansion — and underscore its potential to play a more prominent role in halal trade and innovation going forward.

Together, these developments highlight how Thailand's export-led halal strategy — supported by certification alignment, industry convening power, and financial ecosystem growth — is translating into measurable upward movement in the Indicator rankings.



UNSPLASH/MIKE SWIGUNSKI

## MALDIVES



### BIG RANKING MOVES

Halal Food	+57
Muslim-Friendly Travel	+10

The Maldives' entry into the top 20 of the Global Islamic Economy Indicator reflects not only improved indicator methodology this year but also tangible steps in strengthening its governance framework and strategic positioning within the broader halal economy. A landmark development has been the launch and operationalization of the Maldives Islamic Social Finance Initiative (MISFI), a government-led program designed to embed Islamic social finance into national financial architecture and expand access to Shariah-aligned financial solutions for underserved individuals and businesses, including startups and micro enterprises. This initiative marks a shift toward inclusive, value-based finance and signals the country's intent to diversify beyond traditional banking models.

Parallel to financial system strengthening, the Maldives is actively positioning itself as a halal-friendly tourism destination — a sector that has long underpinned its economy. In 2025, plans were announced to redefine luxury and Muslim-friendly travel offerings, spotlighting dedicated halal tourism experiences designed to meet faith-conscious travelers' needs while maintaining world-class service standards.<sup>37</sup>

Islamic finance development on the ground is also advancing: BML Islamic introduced the Maldives' first fully Shariah-compliant corporate financing facility to support the development of a luxury resort under halal-aligned funding, reflecting growing appetite for ethical finance beyond retail products.<sup>38</sup>

Collectively, these developments — enhanced governance, strategic social finance products, strengthening linkage between halal tourism and Islamic finance, and emerging market infrastructure partnerships — underscore the Maldives' commitment to building a credible, well-governed niche within the global halal economy. While still early in scale compared with larger peers, these structural moves provide a strong foundation for continued upward trajectory in the Islamic economy landscape.

CHAPTER

CHAPTER

# Trade, Investments, and FDI



# Trade Overview

**OIC MEMBER COUNTRIES** recorded a 2.80% increase in total imports, rising from US\$ 410.03 billion in 2023 to US\$ 421.49 billion in 2024. Food products continued to dominate imports, accounting for more than 70% of total import value, increasing from US\$ 295.96 billion in 2023 to US\$ 302.38 billion in 2024. Positive growth was also experienced by pharmaceuticals and cosmetics, with cosmetics emerging as the fastest-growing category (+9.04%), followed by pharmaceuticals (+7.54%). Fashion was the only product category to record a decrease, declining by 1.28% from US\$ 43.80 billion in 2023 to US\$ 43.24 billion in 2024.

Global halal trade performance in 2024 was shaped by heightened global uncertainty, driven by geopolitical tensions and climate-related shocks. Growing friend-shoring is increasingly challenging the status quo in global trade, driven not only by US-China relations but also by influential middle powers such as India, Russia, Brazil, Indonesia, Türkiye, the UAE, and Saudi Arabia.

Houthi attacks in the Red Sea during 2023-2024 and the ongoing Hormuz crisis in 2026 caused major disruptions to halal trade supply chains, increasing shipping times and logistics costs. The halal food trade was particularly affected by rising energy, fertilizer, and packaging costs from this crisis, creating significant impacts across the food value chain. In parallel, climate-related disruptions affected global agricultural production and prices, particularly in cocoa and rice, adding further pressure to food trade dynamics.

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.

## ISLAMIC ECONOMY SECTOR IMPORT GROWTH

The halal-related import market is forecast to grow to US\$ 616.13 billion by 2029, with a compound annual growth rate (CAGR) of 7.89%. This promising outlook is bolstered by growing Muslim population, rising halal awareness, stronger halal regulatory frameworks, and continuously improving supply chain infrastructure across both OIC and non-OIC Countries, reflecting the sector's accelerating global momentum.

## NEED TO STRENGTHEN PRODUCTION AND INTRA-OIC TRADE

OIC member countries continued to rely heavily on halal product imports, recording a trade deficit of US\$ 73.44 billion in 2024. 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, supplying US\$ 18.71, 17.33 and 12.51 billion respectively.

## OIC SECTOR IMPORTS

(US\$ BILLION, % CAGR)



SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS

In terms of imports, Saudi Arabia became the largest halal products importer in 2024, with total imports of US\$ 46.86 billion. It is the largest OIC importer of meat and pharmaceuticals, driven by a large population and rising investment in healthcare. Malaysia recorded the highest import growth among the top 10, reaching US\$ 30.64 billion, up 12.41% compared to the previous year.

Among the top 10 halal exporters to the OIC, the group is still dominated by non-OIC Countries. Major Global South exporters such as Brazil and China continue to

strengthen their positions at the top. Brazil has become the largest supplier to the OIC, with exports growing by 18.99%, driven by key commodities including halal meat, sugar, and maize. China is also strong across multiple categories, including agriculture and fashion.

Of the top 10 suppliers, only three are OIC Countries—Türkiye, the UAE, and Indonesia. Türkiye is particularly strong in agriculture, processed food, and fashion, recording 7.69% growth compared to the previous year in supplying halal products to the OIC.

## TOP EXPORTER TO OIC

(US\$ BILLION)

	2023	2024	GROWTH
Brazil	27.03	33.33	18.89%
China	27.34	32.59	16.11%
India	28.75	28.73	-0.08%
United States	20.37	20.99	2.95%
Türkiye	17.27	18.71	7.69%
Russia	20.70	18.50	-11.89%
United Arab Emirates	15.97	17.33	7.83%
France	15.08	16.06	6.07%
Indonesia	11.93	12.51	4.61%
Germany	12.57	12.47	-0.80%

SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS

## TOP OIC IMPORTER

(US\$ BILLION)

	2023	2024	GROWTH
Saudi Arabia	43.06	46.86	8.83%
United Arab Emirates	41.26	43.72	5.97%
Türkiye	33.92	32.94	-2.90%
Indonesia	29.64	31.52	6.33%
Malaysia	26.84	30.64	14.17%
Egypt	22.41	23.21	3.59%
Iraq	19.09	19.23	0.74%
Iran	18.51	17.53	-5.29%
Algeria	13.15	13.59	3.35%
Morocco	12.05	12.64	4.93%

SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS

UNSPASH/MICHELE HENDERSON

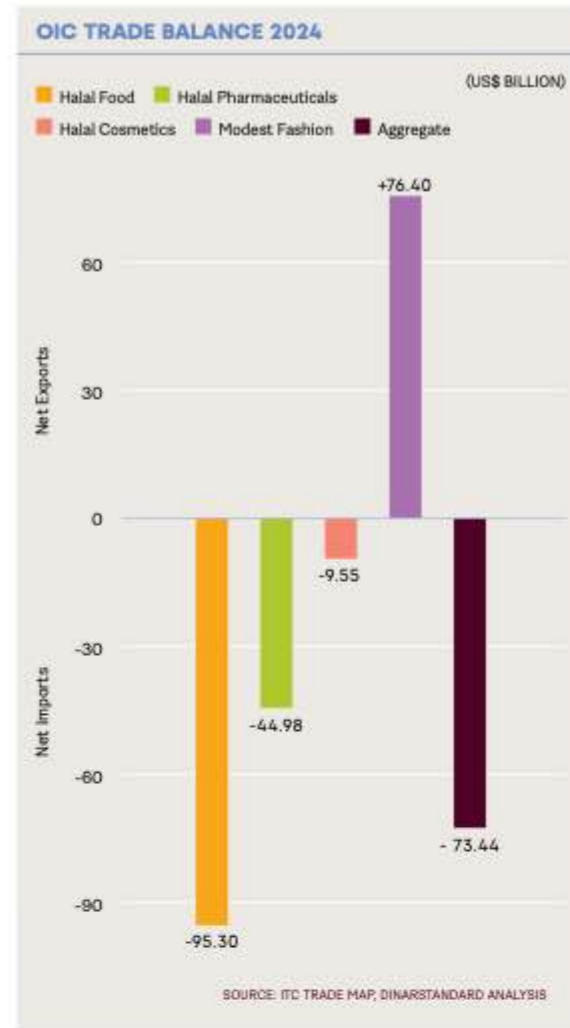
## ISLAMIC ECONOMY SECTOR TRADE BALANCE

In 2024, OIC member countries remained heavily reliant on imports, posting a US\$ 73.44 billion trade deficit in halal products. Food remained the largest contributor to the deficit, valued at US\$ 95.30 billion in 2024, followed by pharmaceuticals and cosmetics. The fashion sector was the only category with a positive trade balance, reaching US\$ 76.40 billion, driven by major apparel exporters such as Bangladesh, Türkiye, and Indonesia.

The trade deficit across key halal product categories highlights the urgent need for strategic policy measures to strengthen domestic halal production and reduce external reliance. However, the development of local halal products and deeper global halal trade integration continue to face bottlenecks due to multiple factors, including limited manufacturing capabilities, logistics constraints, fragmented regulations, and investment gaps.

## TRADE ROUTE DISRUPTION

The Red Sea trade disruption, linked to Yemen's Houthi attacks and peaking in 2024, continues to exert lingering effects on global trade flows. The crisis significantly increased shipping costs and extended transit times by rerouting vessels around the Cape of Good Hope, adding approximately two to three weeks to delivery schedules. Products most exposed to these disruptions include time sensitive and bulk commodities that rely on this maritime corridor, such as oranges and grains.



## Opportunity: Global Trade Shift in Animal-Based Product

In the new global trade order, we observe a notable shift in halal trade. Traditional trading powers are being replaced by rising emerging players, alongside relative stagnation and even decline among Western exporters in several major commodities.

One category where this shift is evident is animal-based products, grouping live animals, meat, and dairy.

Brazil and India are among the fastest growing exporters, expanding by 46.30% and 31.04% respectively compared to a decade ago in exports of animal products to OIC Countries. Meanwhile, the US and the Netherlands have experienced declines of -30.51% and -25.87%.

At the same time, several major OIC Countries are also growing as suppliers within the bloc, including Saudi Arabia, the UAE, and Türkiye, which exported US\$ 1.73 billion, US\$ 1.76 billion, and US\$ 1.54 billion respectively to OIC Countries in 2024.

### RIISING DOMINANCE OF EMERGING SUPPLIERS (ANIMAL-BASED PRODUCT)

EXPORTER TO OIC	2014 (US\$ BILLION)	2024 (US\$ BILLION)	ABSOLUTE CHANGE (US\$ BILLION)	% CHANGE
Brazil	4.70	6.88	2.18	46.30
India	2.90	3.80	0.90	31.04
Spain	0.50	1.12	0.63	126.20
Poland	0.61	1.10	0.49	81.28
Russia	0.39	1.00	0.61	155.18
Thailand	0.23	0.63	0.41	178.22
Uruguay	0.16	0.62	0.46	297.08

SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS

### RELATIVE STAGNATION OR DECLINE OF TRADITIONAL WESTERN EXPORTERS (ANIMAL-BASED PRODUCT)

EXPORTER TO OIC	2014 (US\$ BILLION)	2024 (US\$ BILLION)	ABSOLUTE CHANGE (US\$ BILLION)	% CHANGE
United States	2.39	1.66	-0.73	-30.51
Netherlands	2.26	1.68	-0.58	-25.87
France	1.98	1.53	-0.45	-22.55
Germany	0.99	0.87	-0.12	-11.72
Denmark	0.70	0.60	-0.10	-14.18
Belgium	0.59	0.62	0.04	6.73
Australia	3.47	2.96	-0.51	-14.72
New Zealand	4.23	4.19	-0.04	-1.04

SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS

## TRANSIT TRADE VOLUME 2023 - 2025



**RISING INTRA-OIC AND REGIONAL TRADE (ANIMAL-BASED PRODUCT)**

EXPORTER (OIC)	2014 (US\$ BILLION)	2024 (US\$ BILLION)	ABSOLUTE CHANGE (US\$ BILLION)	% CHANGE
Saudi Arabia	1.42	1.73	0.31	22.14
UAE	1.44	1.76	0.32	21.99
Türkiye	0.53	1.54	1.01	188.78
Sudan	0.56	0.87	0.31	54.39
Pakistan	0.52	0.65	0.13	25.74
Oman	0.41	0.85	0.44	105.83

SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS



FREEMK/DUSAN PETKOVIC

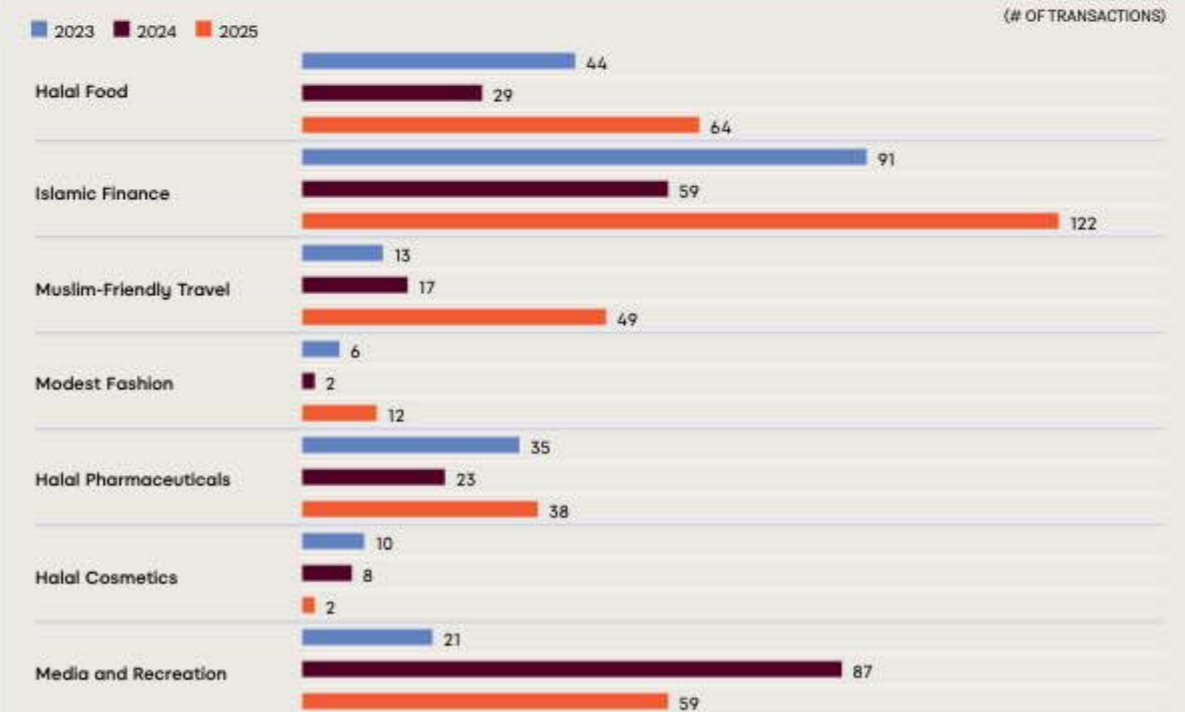
# Investment Overview

which more than doubled to 122 deals, reflecting intensified interest in fintech, payments, and digital Shariah-compliant infrastructure as foundational enablers of the wider halal ecosystem. Halal food also rebounded strongly to 64 transactions, underscoring renewed focus on food security, processing, and halal integrity, while Muslim-friendly travel emerged as one of the fastest-growing segments, nearly tripling to 49 deals as travel recovery converged with rising recognition of Muslim travelers as a distinct growth market.

Other sectors displayed more differentiated trajectories. Media and recreation moderated to 59 deals after an exceptional spike in 2024, indicating a shift from experimentation toward more disciplined, IP- and platform-led investments. Halal pharmaceuticals recorded a steady recovery with 38 transactions, supported by long-term healthcare and ethical medicine demand, though deal activity remains selective due to regulatory complexity. In contrast, Modest fashion and halal cosmetics remained niche in deal volume, reflecting ongoing consolidation and heightened investor scrutiny around scalability and differentiation. Merging sectors such as halal logistics and modest lifestyle products are gradually attracting attention, as investors recognize their potential to serve as critical enablers within the broader halal value chain. Overall, 2025 marks a transition toward scale-oriented, infrastructure-led investment, with capital increasingly concentrated in sectors that enable broader halal economic growth rather than stand-alone consumer plays.

**INVESTMENT ACTIVITY** across the Islamic and halal economy accelerated sharply in 2025, with total transactions rising to 346 deals, up from 225 in 2024 and 220 in 2023, signaling a clear rebound in investor confidence. Growth was driven primarily by Islamic finance,

## NUMBER OF TRANSACTION BY SECTOR & BY YEAR



SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS

## INVESTMENT OVERVIEW 2025

DEAL BY TYPE	DISCLOSED VALUE (US\$ BILLION)	# OF TRANSACTION
M&A	1.80	103
PE	6.40	80
VC	4.89	163
<b>Total</b>	<b>13.09</b>	<b>346</b>

SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS

## TOP 10 ISLAMIC ECONOMY INVESTMENTS GLOBALLY

ORGANIZATION NAME	COUNTRY	FUNDING AMOUNT (US\$ MILLION)	INDUSTRIES	FUNDING TYPE
Sadia Halal	Saudi Arabia	2,070	Halal Food	PE
Azerbaijan Airlines	Azerbaijan	1,540	Muslim-Friendly Travel	PE
Garuda Indonesia	Indonesia	1,415	Muslim-Friendly Travel	PE
Zelo	United Arab Emirates	715	Islamic Finance	VC
Trendyol go	Türkiye	700	Halal Food	M&A
Bionexus Gene Lab	Malaysia	500	Halal Pharmaceuticals	PE
Noon	Saudi Arabia	500	Media & Recreation	PE
ANJ	Indonesia	330	Halal Food	M&A
ADNOC Logistics & Services	United Arab Emirates	317	Muslim-Friendly Travel	M&A
Pure Beverages Industry Company	Saudi Arabia	277	Halal Food	M&A

SOURCE: ITC TRADE MAP, DINARSTANDARD ANALYSIS

## INVESTMENT DRIVERS

In 2025, investors showed a marked preference for ecosystem infrastructure and scalable platforms across the Islamic economy, moving away from isolated consumer brands toward foundational assets that enable broad value chain participation. This includes digital Islamic finance rails, halal logistics and delivery networks, and travel-tech platforms that aggregate multiple service layers. The scale

of the opportunity is evidenced by the rapid expansion of digital Islamic fintech, which is projected to grow from approximately US\$ 186 billion in 2025 and reach US\$ 362 billion by 2032 at a strong CAGR, reflecting widespread adoption of digital financial services compliant with Shariah principles.

A major driver in 2025 was the alignment of Islamic principles with global investment themes such as health and wellness, sustainability, and ethical consumption.

Muslim consumer spending across key halal sectors reached US\$ 2.43 trillion in 2023, with forecasts to grow to US\$ 3.36 trillion by 2028, highlighting expanding demand beyond niche areas. Investors are increasingly backing segments (e.g., natural halal foods, biotech in pharmaceuticals, asset-backed Islamic investments) that combine strong ethical credentials with real-economy linkage, broadening appeal to both Muslim and non-Muslim investors seeking value-aligned, resilient assets.

Growth in 2025 was underpinned by renewed capital deployment into large domestic Muslim Markets and regional hubs, where supportive policy and demographic dynamics create fertile investment conditions. Countries such as the UAE, Saudi Arabia, Türkiye, Indonesia, and Nigeria accounted for significant deal volumes in key sectors, driven by strategic imperatives such as national economic diversification and consumer market expansion. Additionally, Islamic finance assets were valued at US\$ 4.93 trillion in 2023 and are projected to grow to US\$ 7.53 trillion by 2028, reflecting both policy prioritization and robust base demand.

## INVESTMENT BY GEOGRAPHY

Investment activity in 2025 continued to be geographically concentrated, with deal flow anchored in a small group of leading markets while gradually broadening across emerging Islamic economy hubs. The United Arab Emirates retained its position as the most active investment destination by volume, recording 94 transactions, driven by a balanced mix of VC, PE, and M&A activity. This reflects the UAE's role as a regional capital and deal-making hub, particularly for platform-based Islamic finance, technology, and consumer-facing halal ventures.

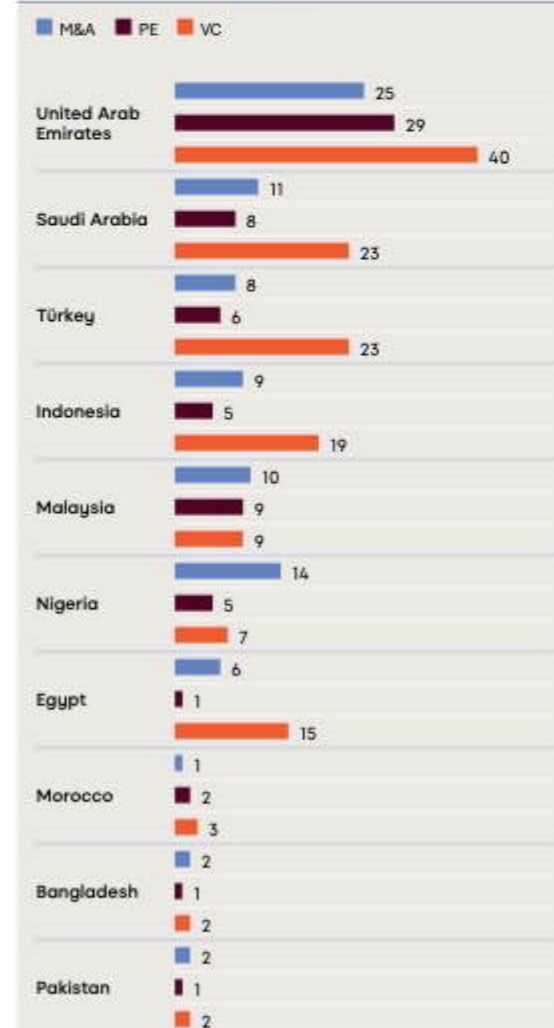
Saudi Arabia followed with 42 transactions, underpinned by a strong VC pipeline and selective strategic acquisitions aligned with Vision 2030 priorities. Türkiye and Indonesia emerged as the next tier of high-activity markets, each recording 37 and 33 deals respectively, highlighting their growing importance as large domestic demand markets with increasingly investable Islamic economy assets. Malaysia and Nigeria formed a solid middle tier, reflecting continued deal activity across fintech, food, and consumer sectors, while Egypt showed rising momentum, particularly in VC-led investments.

Beyond the leading markets, deal activity in Morocco, Bangladesh, and Pakistan remained modest but diverse, signaling early-stage ecosystem development rather than large-scale capital concentration. These markets are gradually strengthening their foreign investment bureaucracy, laying the groundwork for more substantial capital inflows in the coming years. Overall, the geographic distribution in 2025 points to a maturing investment landscape, where established hubs continue to dominate transaction volume, while a wider set of countries incrementally builds deal flow across M&A, PE, and VC, as illustrated in the chart on the right side.



UNSPLASH/STAHMI STAHIR

## TOP 10 COUNTRIES WITH THE GREATEST NUMBER OF ISLAMIC ECONOMY INVESTMENT TRANSACTION IN 2025



SOURCE: DINARSTANDARD ANALYSIS, VARIOUS

## INVESTMENT BY SECTOR

### Halal Food

The Halal food sector saw a strong resurgence in 2025, with total deal activity rising to 62 transactions, more than doubling from 29 deals in 2024 and exceeding 44 deals in 2023. This rebound marks a clear shift from last year's more cautious investment environment, when capital was constrained by inflationary pressures, supply-chain disruptions, and a broader pullback from consumer-facing sectors. In 2025, improved macro stability, easing logistics costs, and renewed focus on food security and domestic consumption helped restore investor confidence. Geographically, deal activity concentrated in the United Arab Emirates (10 deals), Indonesia (9), Nigeria (7), Saudi Arabia (6), and Türkiye (6).

One of the most notable shifts compared to 2024 is the growing emphasis on halal food support infrastructure, rather than traditional upstream production alone. Investors are increasingly backing delivery, quick-commerce, and food-tech platforms that enable scale, improve last-mile efficiency and aggregate fragmented halal food supply. Large transactions such as Ninja in Saudi Arabia (US\$ 200 million+)<sup>39</sup>, Sauce Capital in the UAE<sup>40</sup>, Trendyol in Türkiye<sup>41</sup>, Chowdeck, Kejap Food, and ASTRO Indonesia (US\$ 50 million+) illustrate how capital is flowing toward platforms that sit at the intersection of halal food, logistics, and digital consumer access. This trend signals a structural shift toward ecosystem-building investments that can support multiple brands and categories at scale.

In parallel, natural and clean-label halal food propositions are gaining stronger traction, reflecting converging consumer preferences around health, sustainability, and ethical consumption. Investors are increasingly attracted to companies offering minimally processed, plant-based, or functional products that align naturally with halal principles. Transactions involving players such as Nebyan Natural, Pure Beverage (which raised US\$ 277 million)<sup>42</sup>, and Kemet highlights growing confidence in higher-value, differentiated food segments. These deals underscore a broader investor conviction that premium and natural halal products are well-positioned to capture expanding consumer demand across both OIC and non-OIC markets. Compared to last year's more defensive investment posture, 2025 reflects a clearer growth thesis—one centered on platform-enabled distribution and value-added natural products, reinforcing the long-term resilience and evolution of the halal food sector.

#### TOP 5 COUNTRIES WITH HIGHEST NUMBER OF HALAL FOOD INVESTMENTS TRANSACTIONS



### Islamic Finance

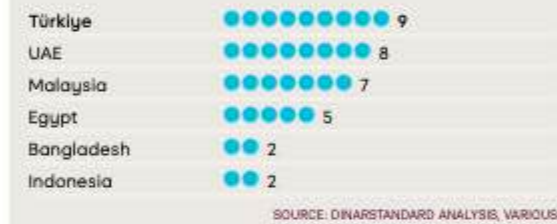
The Islamic finance sector emerged as the most active investment segment in 2025, recording 122 transactions, more than doubling from 59 deals in 2024 and significantly exceeding 91 deals in 2023. This sharp increase reflects a decisive return of capital to Shariah-compliant financial services after a period of regulatory tightening and risk aversion in earlier years. Deal activity was led by the United Arab Emirates (41 deals), followed by Saudi Arabia (13), Türkiye (12), Indonesia (11), and Malaysia (11). It underscores the dominance of established Islamic finance hubs alongside large domestic markets with deepening fintech ecosystems.

Compared to last year, investment momentum in 2025 was driven not only by volume but also by a resurgence of strategic acquisitions and institutional consolidation. Major transactions involving established Islamic financial institutions, such as Emirates Islamic<sup>43</sup> in the UAE, Bank Alfalah's expansion into Bangladesh, and AMLAK Finance.<sup>44</sup> It signals renewed confidence in balance-sheet-led growth and cross-border expansion. These deals reflect a strategic push to strengthen market positioning, broaden regional footprints, and capture scale advantages as Islamic finance matures across key jurisdictions.

In parallel with institutional consolidation, 2025 also saw growing investor interest in alternative Islamic finance

models that expand how the Ummah can participate in wealth creation. A notable example is Milo Gold<sup>45</sup>, which has attracted attention for offering a digitally enabled, gold-backed Shariah-compliant investment scheme that sits outside conventional banking structures. By combining tangible asset ownership with accessible digital platforms, Milo Gold reflects a broader shift toward inclusive, asset-based financial solutions that resonate with younger demographics and underbanked communities. This trend signals an important evolution in Islamic finance—where innovation is not only about efficiency and scale, but also about reimagining investment models that align more closely with Ummah values, financial resilience, and real-economy linkage.

#### TOP 5 COUNTRIES WITH HIGHEST NUMBER OF ISLAMIC FINANCE INVESTMENTS TRANSACTIONS



### Muslim-Friendly Travel

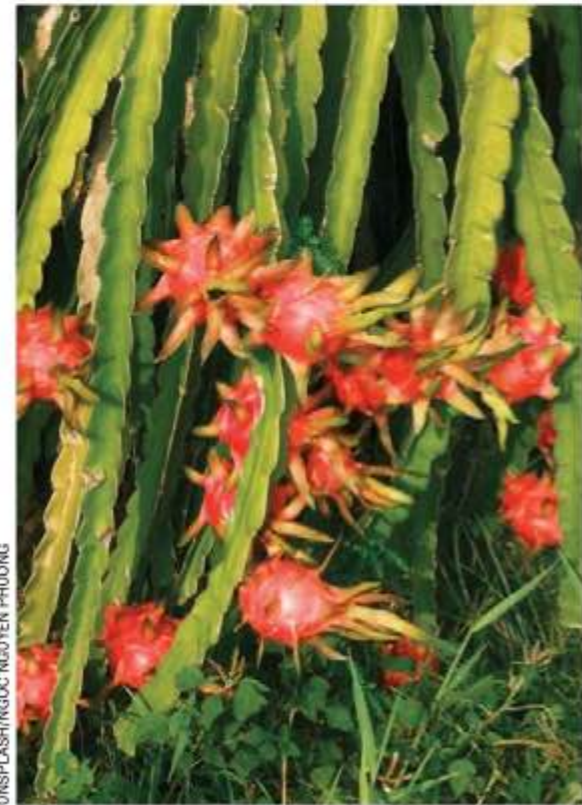
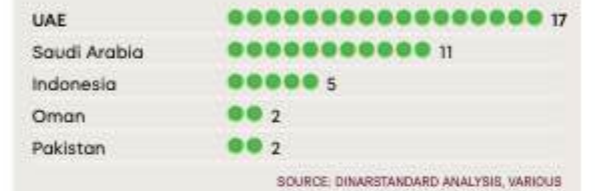
The Muslim-friendly travel segment continued its strong upward trajectory in 2025, with 59 total transactions, up significantly from 17 deals in 2024 and 13 in 2023. This growth reflects investors' renewed confidence in travel demand recovery and the strategic prioritization of Muslim-inclusive tourism services across regions with large outbound markets and underserved travel segments. Among the top destinations for investment activity were the United Arab Emirates (17 deals), Saudi Arabia (11), Indonesia (5), Oman (2), and Pakistan (2).

A defining theme in 2025 was the strengthening of core travel infrastructure, particularly through capital injections into national carriers that are central to regional connectivity and Muslim travel flows. A major example is Garuda Indonesia announces capital injection plan (~US\$ 1.4–1.8 billion)<sup>46</sup>, where Indonesia's flag carrier secured substantial equity support from sovereign wealth funding, strengthening its position as a gateway for intra-Asia Muslim travelers and beyond. Similar strategic support for national airlines in Azerbaijan has underscored how governments and private partners are collaborating to stabilize key travel assets that serve broader tourism demand.

Alongside foundational infrastructure, premium and experience-driven travel models captured investor interest. Notable private capital-led growth includes beOnd accelerating expansion with an investment of up to US\$ 100 million<sup>47</sup>, which reflects expansion funding for luxury

mobility services, and luxury desert travel player Dream of the Desert, which has reportedly raised around US\$ 50 million+ to scale high-end experience offerings. These trends signal that 2025 investment is not only recovering volume but also broadening in sophistication, targeting both scale-enabling infrastructure and differentiated high-coupling experiences that appeal to Muslim travelers seeking comfort, authenticity, and premium service.

#### TOP 5 COUNTRIES WITH HIGHEST NUMBER OF MUSLIM-FRIENDLY TRAVEL INVESTMENTS TRANSACTIONS



UNSPLASH/GOC NGUYEN PHUONG



UNSPLASH/JAMES DONALDSON

## Modest Fashion

Modest fashion remained a niche but steadily active investment segment in 2025, with 10 deals recorded across the sector—up from 2 deals in 2024 and slightly higher than 6 deals in 2023. This uptick reflects investors' growing confidence in culturally aligned apparel and lifestyle brands that combine fashion sensibilities with faith-consistent design principles. The top countries for activity were Türkiye (4 deals), Nigeria (3), followed by Indonesia, Pakistan, and Qatar (1 deal each).

A standout development in 2025 was the rise of designer-led and digitally native modest fashion platforms that are scaling beyond traditional retail models. For example, Chautienda Store, an emerging modest fashion marketplace focused on curated, ethically produced apparel, has drawn attention for its role in aggregating independent designers and offering a direct channel to global Muslim consumers. By combining curated collections with storytelling around ethical sourcing and community engagement, Chautienda illustrates how modest fashion is evolving into value-driven, digitally-enabled retail experiences (brand positioning observed across industry channels).

In Türkiye, the growth narrative was reinforced by strategic financing for modern modest fashion players such as Touché Privé, which secured a US\$ 5 million Shariah-compliant growth facility to support GCC expansion and omnichannel retail execution—a strong signal of international investor interest in Turkish brands that blend contemporary aesthetics with modest design values. This reflects a broader trend in Türkiye where designers and brands are increasingly targeting Middle Eastern and global markets, leveraging Türkiye's production capacity, design expertise, and cultural bridge between East and West.



## Halal Pharmaceuticals

The halal pharmaceuticals segment showed steady investment activity in 2025, recording 29 deals across the sector, compared with 23 deals in 2024 and 35 deals in 2023. This represents a measured expansion, driven by a growing intersection between halal compliance, healthcare innovation, and biotech capabilities. The top markets for investment activity were Türkiye (9 deals), United Arab Emirates (8), Malaysia (7), Egypt (5), and Bangladesh (2).

A notable trend in 2025 was the increased investor interest in biotech and bioinformatics, reflecting a broader shift toward data-driven drug discovery, personalized therapeutics, and computational biology within halal-compliant healthcare strategies. Companies such as PhiTech Bioinformatics<sup>48</sup>, Bionexus<sup>49</sup>, and Smart Alpha exemplify this trend, each leveraging advanced technologies to support drug development pipelines, predictive modeling, and biotech convergence. These investments signal that halal pharmaceutical capital is increasingly targeting platform-oriented innovation that can improve research and development efficiency, reduce time-to-market, and deliver more cost-effective health solutions compliant with Shariah principles.

Complementing the biotech wave, there was a rise in health-supporting digital ecosystems that extended beyond traditional manufacturing into preventive care, patient engagement, and wellness services. Notable examples include Primaku, which provides personalized health tracking and symptom guidance for Muslim users, and Heal Me Up, which connects users with telehealth services tailored to needs including chronic care management and halal-compliant healthcare navigation. These platforms demonstrate how technology is increasingly enabling support layers around primary pharmaceutical products, creating deeper consumer touchpoints and strengthening overall health outcomes.



## Halal Cosmetics

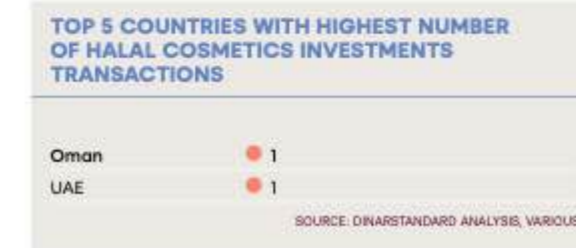
The halal cosmetics segment remained one of the least active investment verticals in 2025, recording only 2 deals across the year. Deal activity was concentrated in just two markets, reflecting the highly selective nature of capital deployment in this segment compared to other halal lifestyle categories. This marks a continued slowdown from 8 deals in 2024 and 10 deals in 2023, confirming that halal cosmetics is currently in a phase of consolidation rather than expansion.

The persistently low level of investment can be attributed to several structural factors. First, the segment has experienced brand saturation, particularly in mass-market halal beauty, where product differentiation is increasingly difficult and customer acquisition costs



remain high. Second, many halal cosmetic brands face scalability constraints, with limited global distribution, fragmented certification regimes, and heavy reliance on influencer-driven marketing rather than defensible IP or technology. Third, compared to adjacent sectors such as halal food, pharma, or Islamic finance, cosmetics is often perceived as less strategic and more discretionary, making it more vulnerable during periods of capital selectivity.

As a result, investor interest in 2025 has been largely confined to defensive or niche plays, rather than growth-stage expansion. While consumer demand for halal and ethical beauty products remains structurally positive, capital is increasingly flowing toward sectors with stronger infrastructure, platform effects, or regulatory moats. For halal cosmetics, this suggests that future investment momentum will likely depend on clear differentiation—such as biotech-enabled formulations, strong export orientation, or integration with broader wellness and pharmaceutical ecosystems—rather than standalone brand proliferation.



## Media and Recreation

The media and recreation segment remained one of the more active and diverse investment categories in 2025, recording 45 total deals, compared to 87 in 2024 and 21 in 2023—indicating moderation from the previous high but sustained investor interest at a structurally higher baseline than early years. Key markets leading this trend were the United Arab Emirates (16 deals), Saudi Arabia (10), Nigeria (7), Indonesia (5), and Malaysia (5).

A defining 2025 transaction in this segment was the sizable US\$ 500 million funding round raised by Noon from PIF-backed investors ahead of a potential IPO. This investment underscores how e-commerce platforms with embedded media, content, and experience layers are converging with recreation and entertainment, positioning Noon not just as a marketplace but as a regional digital lifestyle and engagement hub—a model that blends traditional media, commerce, and user-generated content in a way that resonates with youth audiences and advertisers.<sup>50</sup>

Another notable 2025 deal involved Walrus from Pakistan's broader tech landscape, attracting attention for its role in decentralized media distribution and digital content ecosystems. Built on blockchain infrastructure, Walrus offers cost-efficient, verifiable storage for large unstructured data—such as video and multimedia—that developers can leverage to enable new generations of content platforms, interactive experiences, and decentralized recreation applications. While distinct from traditional entertainment formats, Walrus's growth illustrates how blockchain-native media infrastructure is becoming investable and relevant to the recreation ecosystem, particularly among Gen-Z and digitally native consumer segments.



## INVESTMENT OUTLOOK BY SECTOR

### Halal Food

In 2026, investment in Halal Food is expected to shift further toward logistics, aggregation, and value-added processing, rather than primary production alone. Platforms enabling distribution, traceability, and last-mile delivery are likely to attract continued capital, particularly in large domestic markets. At the same time, demand for natural, clean-label, and functional foods is expected to drive selective growth-stage investments. While deal volumes may stabilize after the 2025 rebound, capital quality and strategic depth are expected to improve.

### Islamic Finance

Investment momentum in Islamic Finance is expected to remain strong in 2026, with continued emphasis on platform scalability, cross-border interoperability, and asset-backed innovation. Institutional consolidation is likely to continue as banks and takaful operators seek efficiency and regional reach, while fintech models—particularly payments, wealth management, and tokenized real-asset platforms—are expected to attract sustained VC interest. Regulatory clarity in key hubs such as the UAE, Saudi Arabia, and Malaysia will further support capital inflows, reinforcing Islamic finance's role as the core infrastructure of the Islamic economy.

### Muslim-Friendly Travel

The Muslim-Friendly Travel sector is likely to see more selective but higher-value investments in 2026, as post-recovery exuberance gives way to disciplined growth strategies. Capital is expected to focus on connectivity assets, premium experiences, and digitally enabled travel services rather than broad capacity expansion. National carriers, luxury mobility, and experience-based tourism offerings aligned with Muslim traveler preferences will remain attractive, particularly in GCC and ASEAN markets, as the sector matures from recovery-driven growth to experience-led differentiation.

### Media and Recreation

Investment in Media and Recreation is expected to stabilize in 2026, with fewer speculative deals and greater emphasis on platform economics, IP ownership, and monetization clarity. Capital will increasingly target integrated digital ecosystems—where commerce, content, and community converge—rather than standalone media assets. Emerging technologies, including decentralized media infrastructure and immersive experiences, may attract niche investment, while traditional content plays face heightened scrutiny. Overall, the sector is likely to move toward fewer but more strategic investments.

### Modest Fashion

In 2026, Modest Fashion investment is expected to remain selective and designer-led, with growth concentrated among brands demonstrating clear export readiness, strong identity, and omnichannel execution. Investors are likely to favor platforms that aggregate designers, enable cross-border distribution, or integrate ethical and sustainable production practices. While deal volumes may remain modest, successful players are expected to move from niche positioning toward international lifestyle branding, particularly across Türkiye, the GCC, and select African markets.

### Halal Pharmaceuticals

The outlook for Halal Pharmaceuticals in 2026 points toward deeper engagement with biotech, bioinformatics, and digital health ecosystems. Investors are expected to prioritize technology-enabled research and development, data-driven drug discovery, and health platforms that extend beyond manufacturing into preventive and personalized care. Regulatory complexity will continue to temper deal volume, but capital quality is likely to improve. The sector is increasingly positioned as a strategic intersection of halal compliance, healthcare resilience, and innovation.

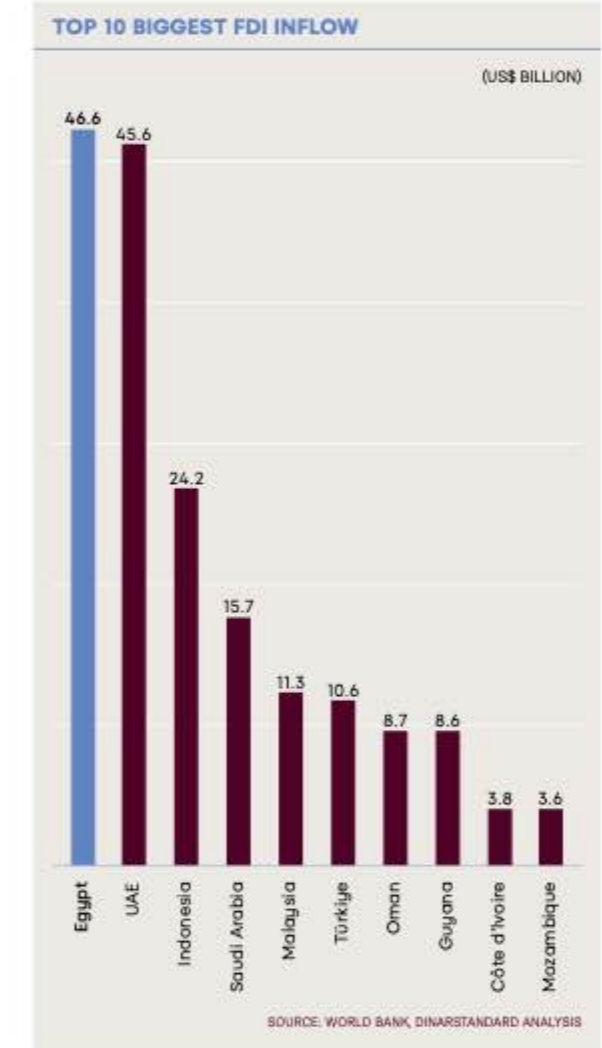
### Halal Cosmetics

Investment activity in Halal Cosmetics is expected to remain subdued in 2026, with capital focused on high-differentiation niches rather than mass-market brands. Opportunities may emerge in biotech-backed formulations, dermatology-adjacent products, and wellness-linked cosmetics that blur boundaries with pharmaceuticals. Brands lacking defensible IP, export capability, or ecosystem integration are likely to struggle for funding. As a result, the sector's next growth phase will depend less on brand proliferation and more on innovation-driven repositioning.

# Foreign Direct Investment (FDI)

select African OIC markets, though still at a scale well below leading destinations.

Overall, the 2024 FDI landscape across OIC Countries highlights a continued post-pandemic divergence. Large, reform-oriented economies and regional hubs continue to absorb the bulk of capital, while smaller and less diversified markets remain more vulnerable to volatility. The data reinforces the importance of policy credibility, macro stability, and investable project pipelines in attracting sustained FDI—factors that will remain critical as OIC economies compete for global capital amid tighter financial conditions.



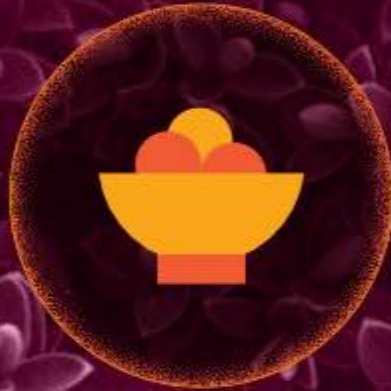
**FDI INFLOWS INTO OIC ECONOMIES** in 2024 remained highly concentrated among a small group of leading markets, reflecting divergent levels of macroeconomic stability, policy clarity, and investor readiness. Egypt emerged as the largest FDI recipient, attracting US\$ 46.6 billion, equivalent to 2.09% of GDP, driven by large-scale investments in energy, infrastructure, and sovereign-linked projects. The United Arab Emirates followed closely with US\$ 45.6 billion, representing 5.24% of GDP, reinforcing its position as the primary regional hub for capital inflows, headquarters activity, and cross-border investment into the wider Islamic economy.

Beyond the two leading destinations, Indonesia and Saudi Arabia formed a second tier of major recipients, with inflows of US\$ 24.2 billion and US\$ 15.7 billion respectively. While Indonesia's inflows accounted for a smaller share of GDP (0.52%), they reflect the country's scale and continued attractiveness across manufacturing, downstream processing, and digital sectors. Saudi Arabia's inflows (0.62% of GDP) point to steady progress under Vision 2030, albeit with capital deployment remaining selective and increasingly aligned with strategic national priorities. Malaysia and Türkiye recorded mid-range inflows of US\$ 11.3 billion and US\$ 10.6 billion, reflecting stable but more cautious investor sentiment amid global uncertainty.

Smaller OIC economies showed mixed but notable performance. Oman attracted US\$ 8.7 billion in FDI (3.94% of GDP), signaling strong relative investor confidence supported by regulatory reforms and targeted sector strategies. Guyana stood out with exceptionally high inflows relative to economic size, US\$ 8.6 billion, equivalent to 12.95% of GDP, largely driven by energy-related investments. Meanwhile, Côte d'Ivoire and Mozambique recorded more moderate inflows, underscoring steady interest in

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# Halal Food





# HALAL FOOD

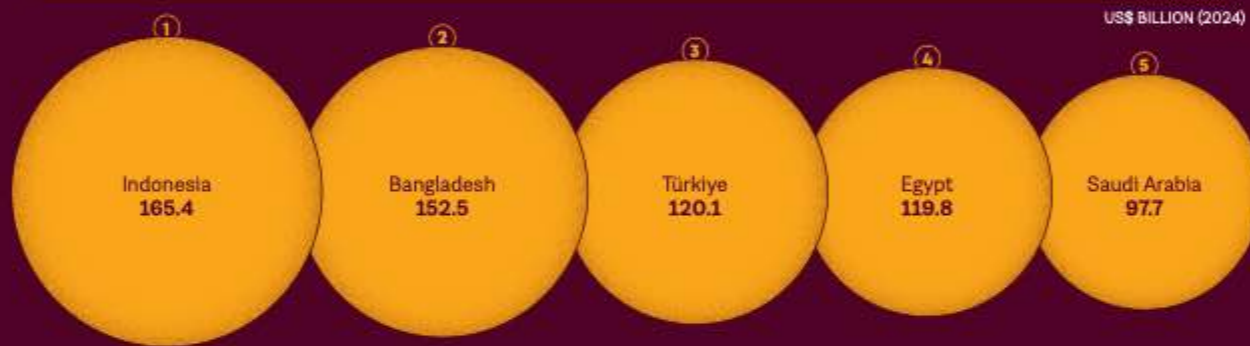
ALL FIGURES IN US\$ BILLION, UNLESS STATED OTHERWISE

## CONSUMER POWER

Represented by **\$1.53 trillion** of consumer spending by 2 billion Muslims on food and beverage (2024). YOY growth 2023-24 of 6.3%, reaching **\$2.06 trillion** by 2029 (6.2% CAGR).



## TOP 5 HALAL FOOD CONSUMER MARKETS



## TRADE CORRIDORS

### TOP 5 COUNTRIES EXPORTING TO OIC



### TOTAL OF OIC IMPORTS

**\$302.38 billion**  
Total of food and beverage imports by OIC\* countries

\*All estimates by DinarStandard. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2021 consumer data as baseline reference. Food exports are based on ITC Trademap 2024 data. Projections are baselined on data from IMF Outlook from October 2025. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from Jan 2025 to Dec 2025.  
SEE APPENDIX FOR DETAILED METHODOLOGY  
OIC: Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.

## INVESTMENT BUILDERS

● = 1 deal

Capital is consolidating the halal food supply chain, not just funding its brands.

**\$4.48 billion**

Disclosed value for all 64 deals in 2025.



### TOP COUNTRIES BY TOTAL DEAL VALUE AND NUMBER OF DEALS

US\$ MILLION (2025)

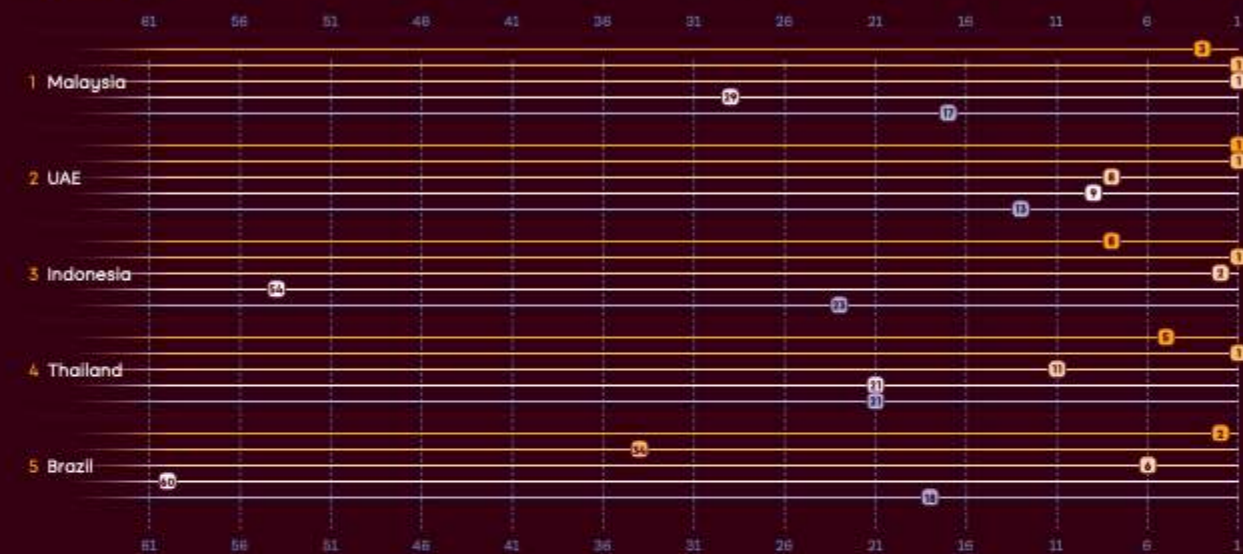


## SOVEREIGN INDEX

Financial Governance Awareness Social Innovation

### HALAL FOOD – GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2025)

(SEE CHAPTER 4 FOR DETAILS)



## KEY DEVELOPMENTS

Diaspora markets, geopolitical boycotts, and rising expectations are pushing halal food into the mainstream.

1 INVESTMENT	Sadia Halal JV (Brazil MBRF + Saudi PIF) – world's largest halal chicken company at US\$ 2.07 billion.
2 TRADE	Indonesia signed 52 new mutual recognition agreements, totalling 92 across 24 countries.
3 ECOSYSTEM	Malaysia launched MYeHALAL, fully digital halal certification system at Global Halal Summit.
4 OPERATIONS	Almarai US\$ 4.8B five-year plan including 450M birds/yr poultry expansion.
5 CONSUMER	ZUS Coffee doubled to 700+ locations; Ahmad's Fried Chicken grew from food truck to 35 outlets in one year.

## SIGNALS OF OPPORTUNITIES

Five shifts redefining the Halal Food sector, from new trade corridors to digital certification enforcement.

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# Halal Food

The halal food sector is undergoing a structural re-alignment in 2025/26, driven by geopolitical sentiment, sovereign capital, and expanding Muslim consumer markets. Boycotts of Western brands over the Israeli military violence and aggression in Palestinian territory have accelerated the rise of homegrown alternatives, shifting trust and market share toward brands perceived as culturally and ethically aligned.

**THIS IS NO LONGER A NICHE** trend but a systemic reorientation of demand, creating new entry points for local and regional challengers.

Revenue growth is being driven by large-scale capital commitments from sovereign and institutional investors, signaling a shift from opportunistic participation to strategic platform-building. The creation of Sadia Halal—a US\$ 2.07 billion joint venture between Brazil's MBRF and Saudi Arabia's PIF—marks the clearest expression, producing the world's largest halal chicken company. Almarai's US\$ 4.8 billion five-year plan and JBS's US\$ 85 million Saudi expansion further reflect how red meat, poultry, and seafood are being consolidated under vertically integrated, regionally anchored platforms.

Operationally, the sector is shifting toward giga-scale, integrated infrastructure, with major investments such as Al Ghurair Foods' poultry complex in Abu Dhabi, ABIS Group's facility in Nigeria, and Malaysia's expanding certified manufacturing base, alongside government-backed seafood infrastructure in Oman and Malaysia to enhance value capture. At the same time, mutual recognition is becoming a key lever for trade, as agreements across Indonesia, Malaysia, Pakistan, and the United States reduce certification duplication and position halal standards as tools of export competitiveness and economic diplomacy.

The halal ecosystem is being elevated in institutional authority and regulatory sophistication. Indonesia restructured BPJPH as a non-ministerial body reporting directly to the President, while ASEAN Foreign Ministers called for harmonization of national standards with regional benchmarks. Collectively, these moves mark a transition from fragmented, nationally siloed halal governance toward multilateral alignment and institutional permanence.

Innovation is converging with advanced manufac-

turing, AI, and digital traceability, shifting halal food's competitive frontier from certification access to technological capability. Almarai embedded computer-vision quality inspection on its poultry lines, Tanmiah introduced AI-driven poultry management and IoT monitoring, and Malaysia launched the fully digital MYeHALAL certification system. Indonesia's mandatory online halal logo requirement and the OIC's Fiqh Academy ruling on cultivated meat further signal that halal governance is actively preparing for the next frontier of food technology and real-time supply-chain transparency.

Social impact is becoming a measurable dimension of halal food policy, as governments prioritize inclusion-driven formalization over fee-based compliance. Indonesia committed to issuing 1.35 million free halal certificates to micro and small enterprises in 2026, while Malaysia's Sourcing Partnership Program enabled nearly 200 SMEs to enter large-company halal supply chains in 2020. Saudi Arabia's SFDA introduced a "Golden Halal Logo" integrating ESG compliance, an early signal that halal assurance is expanding beyond ingredients and processes toward ethical business conduct and sustainability credentials.

At the consumer level, halal food retail and foodservice are rapidly professionalizing and diversifying formats. Carrefour acquired a stake in France's Hmarket, Shoprite opened South Africa's largest fully certified halal supermarket, and Gulf-born coffee chains like Half Million and Barn's are expanding internationally through travel retail and franchising. Airport lounges are introducing certified halal menus, and Asian beverage concepts are entering GCC markets at scale. Across all formats, halal is shifting from a compliance label to a full consumer lifestyle proposition demanding product quality, ethical alignment, and omnichannel experience simultaneously.

## 2025/26 Developments

### Updates on Revenue Developments

Established food companies are acquiring halal players to scale their certified product portfolios.

- GoodLife Foods acquired Pure Ingredients, a German halal frozen-food specialist offering branded and private-label items, to expand its presence in the halal sector.<sup>51</sup>
- Tanmiah's subsidiary, Agricultural Development Company, purchased a poultry processing plant from Dajin Poultry for US\$ 38 million to boost capacity for antibiotic-free, corn-fed chicken in support of Vision 2030 food-security goals.<sup>52</sup>
- Palaterium (HWC Coffee/Dateen) acquired Kejap Food to scale halal-compliant drive-thru F&B through shared sites, marketing, and unit-economics improvements.<sup>53</sup>
- Japan's Skylark entered Malaysia via acquisitions of shares in Createries Consultancy Sdn Bhd tied to shabu-shabu brands to tap into the growing demand for Halal dining options.<sup>54</sup>

Governments are backing large-scale seafood processing infrastructure to capture more value from local catches.

- Oman announced six new fish processing plants in the Duqm Fisheries Industries Zone for sardine/tuna canning and fillet processing, plus a floating seafood vessel, with investment of US\$ 20 million, to process fish at sea and move product directly to market.<sup>55</sup>
- Bangladesh elevated deep-sea fisheries in Maheshkhali's industrial plan and launched bonded warehouses, enabling 100% export-oriented processors to import high-value marine inputs duty-free for re-export and improve competitiveness in the EU and GCC.<sup>56</sup>
- Malaysia is turning Penang Port into a tuna transshipment and processing hub with -60°C landings for premium exports to the EU, GCC, BRICS, and the US, targeting a global tuna market forecast to rise from US\$ 42 billion to US\$ 54 billion by 2032.<sup>57</sup>

### REVENUE DEVELOPMENTS

Muslim consumer spending on food reached US\$ 1.5 trillion in 2024, reflecting 6.3% growth from 2023, and is projected to reach US\$ 2.1 trillion by 2029, representing a 6.2% CAGR over the forecast period. Overall, Muslim consumers spend 17.4% of global market spending on food. Indonesia remains the largest Muslim food consumption market globally, followed by Bangladesh and Türkiye, with Türkiye replacing Egypt as the third-largest market this year.

*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.*

### INVESTMENT SUMMARY

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ MILLION)
Saudi Arabia	Private Equity	Sadia Halal	2070
Türkiye	Acquisition	Trendyol go	700
Indonesia	Acquisition	ANJ	330
Saudi Arabia	Acquisition	Pure Beverages Industry Company	277
Saudi Arabia	Venture - Series Unknown	Ninja	254

SOURCE: VARIOUS SOURCES, DIJARSTANDARD ANALYSIS

Major dairy and poultry players in the GCC are diversifying into the red meat market through large capital commitments.

- Almarai announced a US\$ 4.8 billion five-year investment plan to diversify its portfolio, including US\$ 1.8 billion for poultry expansion to process 450 million birds per year (up from 250 million) and domestic facilities for seafood and red meat production.<sup>58</sup>
- UK meat business Hilton Food Group formed a joint venture with The National Agricultural Development Company (NADEC) in Saudi Arabia. The alliance plans to develop "state-of-the-art" facilities; NADEC will supply the JV and integrate red meat products into its distribution network.<sup>59</sup>
- Brazil's MBRF and Saudi Arabia's HPDC (a PIF subsidiary) expanded their joint venture in October 2025 to create Sadia Halal, a multi-protein powerhouse in the halal market, which includes Sadia Bassi beef brand.<sup>60</sup>

Sovereign and institutional investors are building large-scale halal protein platforms through joint ventures.

- Brazil's MBRF and Saudi Arabia's HPDC (a PIF subsidiary) expanded their joint venture in October 2025 to create Sadia Halal, a US\$ 2.07 billion multi-protein company with US\$ 2.1 billion in annual sales, making it the world's largest halal chicken company.<sup>61</sup>
- Brazil's JBS announced a US\$ 85 million investment in January 2026 to expand its Saudi Arabia operations under the Seara brand, operating facilities in



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both Jeddah (value-added poultry) and Dammam (beef, sausages, and processed products)<sup>62</sup>.

- Malaysia's Westports Holdings and Maybank Islamic are exploring opportunities in China's halal F&B market, projected to reach US\$ 217.1 billion by 2034, as part of Malaysia's global halal push.<sup>63</sup>

Major food producers are turning to Islamic finance structures to fund large-scale expansion.

- Almarai mandated banks to arrange a dollar sukuk issuance under its US\$ 2 billion trust certificate program, following its US\$ 750 million sukuk in 2023, to fund growth as the region's largest halal dairy producer.<sup>64</sup>
- Salaam Market launched a digital B2B platform in Malaysia, integrating financing from Maybank Islamic to connect SMEs to halal-certified products, aiming to onboard 10,000 MSMEs by 2025.<sup>65</sup>

## OPERATIONAL DEVELOPMENTS

Major producers in halal markets are investing in 'Giga-project' facilities, signaling confidence in sustained demand growth for halal protein.

- Al Ghurair Foods began construction of a 16-hectare integrated poultry complex in Abu Dhabi, including a hatchery, processing plant, rendering facility, and wastewater treatment, designed to produce 10,000 tons of poultry meat annually.<sup>66</sup>
- ABIS Group began developing a livestock processing complex in Abuja, Nigeria designed for high daily slaughter and processing volumes with improved cold-chain handling and slaughter standards to support halal meat processing at scale.<sup>67</sup>
- Bahrain's food holding company, Ghitha, and General Poultry Company announced Phase 2 of their Food Park project to increase table-egg production by 50% and raise Bahrain's self-sufficiency to 63% by integrating production and logistics facilities.<sup>68</sup>

Malaysia doubles down in manufacturing of halal-certified, pan-asian-cuisine, food products.

- Malaysia HDC World Halal Business Conference (WHBC 2025) is positioning Malaysia as a global connector by convening more than 1,000 stakeholders to advance halal supply chain integrity, financing, and market access aligned with the Halal Industry Master Plan 2030.<sup>69</sup>
- OTS Holdings opened a US\$ 9.8 million halal-certified food manufacturing facility in Simpang Renggam, Johor, equipped with advanced machinery and automation, which will triple monthly production capacity from 60 to 200 tons.<sup>70</sup>
- South Korea's SPC group is building a US\$ 29 million halal-certified bakery plant in Johor, Malaysia, to produce bread and other bakery products for Southeast Asia and GCC market using halal-compliant ingredients.<sup>71</sup>



PEXELS/SERGIO ARREOLA

- Japanese condiment maker Otafuku Sauce and its partner, Sushi King Holdings, invested US\$ 12.3 million to build a halal-certified sauce and seasoning factory in Sendayan TechValley. The factory began operations in July 2025 and increased production capacity eightfold through semi-automatic filling systems.<sup>72</sup>

## NATIONAL/TRADE DEVELOPMENTS

Total OIC food imports reached US\$ 302.38 billion in 2024, up 2.17% from US\$ 295.96 billion in 2023. Driven by population growth, limited domestic production, and rising demand in key markets, imports are projected to reach US\$ 436.24 billion by 2029, reflecting a 7.61% CAGR.

A major driver in 2024 was the sharp surge in cocoa prices, with monthly averages rising from US\$ 4,250 per ton in 2023 to as high as US\$ 10,353 per ton by year end 2024<sup>73</sup>. This significantly increased import values in cocoa dependent OIC markets, particularly Malaysia, Indonesia, and Türkiye. Malaysia alone saw cocoa bean import jump from US\$ 1.49 billion to US\$ 3.30 billion. On the supply side, exports from Côte d'Ivoire and Nigeria also rose notably.

Wheat and meslin imports into the OIC declined from US\$ 30.00 billion to US\$ 22.97 billion tons, driven by temporary Türkiye's regulatory measures to protect local farmers.<sup>74</sup>

Saudi Arabia, Indonesia, and Malaysia remain the largest OIC food importers. Brazil leads as the top supplier, particularly driven by its strong sugarcane, maize, and meat exports followed by India and Russia.

Mutual recognition remains the single most impactful driver of halal trade.

- Bangladesh and Pakistan signed an agreement allowing BSTI-certified halal goods to enter Pakistan without re-testing, while PHA-certified products receive the same treatment in Bangladesh.<sup>75</sup>
- Indonesia's halal agency signed 52 mutual recognition agreements with certification bodies from 24 countries, bringing its total to 92, meaning halal certificates issued abroad are accepted without re-certification process.<sup>76</sup>

### OIC HALAL FOOD IMPORTS AND GROWTH (2024-2029)



SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS

- Malaysia and the UAE agreed on a Comprehensive Economic Partnership Agreement that includes an Islamic economy chapter, enabling collaboration on halal certification and mutual recognition of halal standards.<sup>77</sup>
- Taiwan and Indonesia signed their first bilateral halal cooperation agreement, which includes mutual recognition of halal certification and joint business forums to help Taiwanese enterprises access Indonesia's halal market.<sup>78</sup>
- The Halal Approval Global and Thailand's Central Islamic Committee signed an agreement recognizing halal certificates issued by each party, reducing duplication and helping producers certified by either organization access each other's markets more easily.<sup>79</sup>
- Switzerland's Halal Certification Services and Morocco's national standards body signed an agreement recognizing halal certificates for food and cosmetics, eliminating

duplicate certification and allowing facilitated market entry for both Swiss and Moroccan companies.<sup>80</sup>

**The United States is opening pathways for halal trade through streamlined certification arrangements.**

- The United States and Malaysia reached a trade agreement where Malaysia will streamline halal requirements for US food products and recognize the US food safety system for meat, poultry, and dairy.<sup>81</sup>
- Indonesia's halal agency signed a Letter of Intent with two US halal certification organizations to facilitate US halal-certified exports to Indonesia and develop a transparent certification system.<sup>82</sup>
- Indonesia established a mutual recognition arrangement with the United States, coordinated with the US Trade Representative and the Department of Defense, that forms the basis for mutual recognition of halal certification between the two countries.<sup>83</sup>

Bilateral trade protocols are becoming a primary mechanism to secure long-term market access and streamline cross-border food trade.

- Pakistan and Malaysia announced a US\$ 200 million halal meat export quota, with Malaysia agreeing to facilitate beef and meat imports under a new halal trade framework requiring Malaysian halal certification.<sup>84</sup>
- Malaysia and China signed a new protocol on edible bird's nest exports that replaces earlier agreements and guarantees long-term market access, with exports valued at US\$ 370 million annually.<sup>85</sup>
- Egypt and Brazil agreed on a protocol under which Brazil pre-lists meat-processing facilities that meet Egypt's sanitary standards, eliminating the need for repeated on-site inspections, while pre-listed establishments must obtain halal certification from Egypt-accredited entities.<sup>86</sup>

Established players are taking on facilitator roles in the halal trade ecosystem.

- Vietnam signaled that developing its halal industry is a strategic priority for export expansion, with Malaysia expressing readiness to support Vietnam in halal certification, laboratory development, and using Malaysia as a platform for global market entry.<sup>82</sup>
- Malaysia showcased JAKIM certification at World Expo 2025 Osaka to facilitate market access and connect Japanese halal-certified companies with Malaysian halal ingredient suppliers.<sup>83</sup>
- During World Expo 2025 Osaka, Indonesia emphasized its population (83% Muslim) positions it to lead an ethical halal ecosystem, with Bank Indonesia committing to help Indonesian halal products enter global supply chains.<sup>84</sup>

Pakistan is growing its halal meat exports via improved compliance and new trade agreements.

- Pakistan's halal meat exports to China surged 239% in 2025 (January–November), driven by rising demand and improved market access enabled by strengthened compliance and certification requirements.<sup>85</sup>
- Pakistan began exporting halal meat to Tajikistan as part of a broader push to expand bilateral trade, marking a new market for Pakistani meat exporters.<sup>86</sup>
- Pakistan Halal Authority and Kyrgyzstan's halal industry center signed an MoU to align halal regulatory frameworks and enable mutual recognition of certification bodies and national halal marks.<sup>87</sup>

Countries are treating halal certification as a factor of export competitiveness.

- Pakistan launched a new Halal Certification Mark Scheme, creating a unified national brand, eliminating halal certification fees for exported food and non-food items, and reducing local food certification fees by 50%.<sup>87</sup>
- Colombia secured halal certification for coffee and cocoa exports to remove barriers to market access in halal-compliant markets, supporting expansion into Arab markets.<sup>88</sup>
- Al Watania Poultry partnered with the Halal Products Development Company, a subsidiary of Saudi Arabia's Public Investment Fund, to boost Saudi poultry exports by expanding access to new global markets.<sup>89</sup>

Regional blocs are elevating halal trade as a formal economic priority.

- Malaysia announced that the Association of Southeast Asian Nations (ASEAN) has elevated halal as a priority economic agenda during its 2025 chairmanship and proposed forming an ASEAN Halal Council, while the Malaysia International Halal Showcase (MIHAS) 2025 showcased strong GCC participation and first-time participants from Africa, Latin America, and Central Asia.<sup>90</sup>
- The Halal Economy Leadership Forum 2025, held in Algiers, brought together Malaysia, Algeria, Saudi Arabia, and the Islamic Development Bank to strengthen OIC-wide halal trade, with Malaysia reporting a 24% increase in halal exports to Algeria.<sup>91</sup>

**ECOSYSTEM DEVELOPMENTS**

Governments are elevating halal authorities to sit directly under presidents and prime ministers, bypassing traditional ministries to speed up decision-making and policy execution.

- Indonesia restructured BPJPH as a non-ministerial agency directly under the President, removing oversight by the Ministry of Religious Affairs to enhance institutional autonomy, accountability, transparency, efficiency, and overall service delivery.<sup>98</sup>
- Vietnam signaled that developing its halal industry is a strategic priority for export expansion, with Malaysia expressing readiness to support Vietnam in halal certification, laboratory development, and using Malaysia as a platform for global market entry.<sup>99</sup>
- Malaysia showcased JAKIM certification at World Expo 2025 Osaka to facilitate market access and connect Japanese halal-certified companies with Malaysian halal ingredient suppliers.<sup>100</sup>

Saudi Arabia through Halal Product Development Company (HPDC) is professionalizing halal assurance through talent pipelines and auditor accreditation.

- HPDC completed the first phase of a national halal assessor upskilling program covering halal standards,



**“ Among OIC countries we need to have these green corridors—pre-clearance and red carpet treatment.”**

**FAWWAZ AMINUDDIN, INVESTMENT DIRECTOR**

food safety, auditing, certification-body requirements, and risk management.<sup>101</sup>

- HPDC strengthened the global halal certification ecosystem by training 25 certification bodies from 21 countries on Saudi-recognized halal standards and slaughter requirements.<sup>102</sup>

Regional blocs are moving beyond bilateral deals to create permanent councils and accreditation networks that can coordinate halal recognition across entire regions.

- Malaysia proposed an ASEAN Halal Council at the ASEAN Summit to boost standardization and industry coordination across the region, with Vietnam expressing interest in joining.<sup>103</sup>
- ASEAN Foreign Ministers issued a joint communiqué calling for harmonization of national halal standards with regional and global benchmarks to support intra-regional halal trade.<sup>104</sup>

**“If you take one auditor from one certifier and one from another, tell them to audit a meat plant, they will audit it completely differently. Some spend one hour, some spend four hours, against the same standard. This shows there is an urgent need for high-quality training.”**

**DR. AWAL FUSEINI, SENIOR HALAL SECTOR MANAGER, AHDB**

- SMIIC approved a draft MoU with the Islamic Forum for Halal Accreditation Bodies (IFHAB) at the Tashkent Annual Meetings, deepening collaboration in halal accreditation and global recognition frameworks.<sup>105</sup>
- Tatarstan’s Muslim Spiritual Board signed an MoU with the GCC Accreditation Center to cover mutual training, expert collaboration, and regulatory alignment, aiming to elevate Tatarstan’s halal certification credibility in Gulf markets.<sup>106</sup>
- Saudi Arabia’s SFDA and Türkiye’s HAK signed a strategic MoU to collaborate on halal standards, certification practices, training, and recognition frameworks.<sup>107</sup>
- IFANCA and halal certifying authorities formalized Mutual Recognition Agreements at the Bangkok Summit, led by Thailand’s CICOT, to harmonize certification practices and reduce trade barriers.<sup>108</sup>

Countries entering or expanding halal exports are aligning with SMIIC/OIC standards as the foundation, creating a clear pattern among emerging halal economies.

- Uzbekistan formalized procedures allowing products certified under SMIIC halal standards to carry the halal label beginning May 2025, prioritizing internationally recognized SMIIC standards for global market consistency.<sup>109</sup>
- SMIIC hosted the 2nd World Halal Standards Day Webinar, emphasizing the strategic role of OIC/SMIIC standards in enabling trusted trade and supporting food technology innovation and sustainability.<sup>110</sup>
- Malaysia announced its adoption of OIC/SMIIC halal standards at the Global Halal Summit, alongside the expansion of digital certification and auditors to ensure global alignment.<sup>111</sup>

Post-certification monitoring is becoming a core function rather than an occasional cleanup.

- Malaysia’s Jakim revoked 3,068 halal certifications in 2024 due to serious non-compliance with Shariah and technical requirements, warning against the misuse of halal logos.<sup>112</sup>
- Indonesia announced tighter oversight of halal-certified imports from China through BPJPH, in coordination with the Indonesian Embassy in Beijing, including inspections of facilities, supply chains, and slaughterhouses.<sup>113</sup>
- Indonesia’s BPJPH implemented a new process for registering foreign halal certificates to ensure only recognized certifiers can supply halal products to the country.<sup>114</sup>

Outside OIC-native assurance systems, halal is being codified into secular regulatory architectures, which could create parallel and potentially incompatible baseline definitions.

- By October 2025, 10 US states had enacted halal labeling and anti-fraud laws, reflecting growing local regulatory assurance in the absence of a federal standard.<sup>115</sup>
- India’s Parliament introduced a bill to make halal certification government-regulated under FSSAI, banning private entities from issuing certificates independently.<sup>116</sup>
- China announced a push to unify regional halal standards into a national framework, referencing benchmarks from Malaysia and Indonesia.<sup>117</sup>

Broader OIC and national authorities codifying Shariah pathways for halal-certified cultivated meat.

- The OIC’s International Islamic Fiqh Academy ruled cultivated meat permissible under strict conditions on halal cell sourcing, non-prohibited growth media, credible supervision, transparent disclosure, and food safety compliance.<sup>118</sup>
- Malaysia’s JAKIM issued a landmark fatwa that cultivated meat can be halal if cells come from slaughtered animals in accordance with Islamic law, with halal growth media and other biological inputs during the cultivation process.<sup>119</sup>

## INNOVATION DEVELOPMENTS

Technology and innovation partnerships are being forged to modernize halal production and add value.

- Tanmiah signed MoUs with Griffith Foods to establish a halal-certified ingredients production, research and development facility in Saudi Arabia, and with Poulta Inc. to introduce AI-driven poultry management, IoT monitoring, and a new Agriculture Technology Research Center under Vision 2030.<sup>120</sup>
- China’s Shandong Huifa Foodstuff invested MYR 10 billion (US\$ 2.4 billion) in Malaysia’s Johor state to position it as ASEAN’s premier halal hub, targeting frozen foods, pharma, and ingredients.<sup>121</sup>



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Large producers in Halal markets are adopting leading-edge technologies to improve output, quality, and shelf life.

- Almarai embedded computer-vision inspection on its poultry processing lines to automatically detect product defects and tighten quality control alongside broader data analytics upgrades.<sup>122</sup>
- UAE-based Red Planet launched halal-certified, ready-to-eat meals with a shelf life of up to 25 years, using freeze-drying and oxygen-resistant packaging, targeting institutional demand for military, humanitarian, and disaster-relief applications, pending final UAE regulatory approval.<sup>123</sup>
- Cargill commissioned its first blending facility in Southeast Asia, in Pandaan, East Java, to produce multisensory sugar confectionery ingredients by combining modified starches, sweeteners, pectin, and carrageenan to achieve texture diversity and meet halal requirements.<sup>124</sup>

Halal certification is shifting from paper certificates to mandatory online registries and digital logos, bringing the industry closer to real-time transparency and traceability.

- Indonesia’s BPJPH issued Circular No. 7/2025, which requires all halal-certified products to carry



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the national halal logo and be promoted online to enhance transparency and traceability.<sup>125</sup>

- Malaysia launched a fully digital halal certification system (MYeHALAL) at the Global Halal Summit to streamline processes, reduce delays, and boost confidence among exporters and importers.<sup>126</sup>
- Abu Dhabi unveiled a unified framework for novel foods, reducing registration timelines by up to nine months and creating a national database aligned with international standards that unifies food registration and halal certification criteria.<sup>127</sup>
- The Third European Halal Congress in Sarajevo brought together more than 150 experts from 22 countries to advance regulatory alignment and integrate blockchain and AI technologies to enhance supply-chain transparency.<sup>128</sup>
- At the 4th Halal 20 (H20) Summit in Johannesburg, BPJPH's official communiqué called for accelerating the digital transformation of the global halal ecosystem and strengthening halal governance.<sup>129</sup>

## SOCIAL IMPACT DEVELOPMENTS

Governments that have made halal certification mandatory subsidizing certificates to micro and small businesses en masse, prioritizing market formalization over fee collection.

- Indonesia's BPJPH announced it will issue 1.35 million free halal certificates to micro and small enterprises in 2026 to support compliance with mandatory halal requirements.<sup>130</sup>
- Malaysia recruited 100 new halal auditors at the Global Halal Summit to address certification backlogs and streamline processing.<sup>131</sup>
- Malaysia HDC Halal Home Grown Champion Sourcing Partnership Program (HSPP) has enabled nearly 200 SMEs since 2020—60% entering large company halal supply chains.<sup>132</sup>

Early signals of halal assurance extending beyond ingredients and processes, to business practices.

- Saudi Arabia's SFDA launched an ESG-aligned "Golden halal logo" track integrating halal standards with ESG compliance to strengthen product credibility and export competitiveness.<sup>133</sup>
- Hong Kong's Federation of Hong Kong Industries launched the Q-Mark Halal Scheme for BOT-approved halal restaurants to elevate service quality and reinforce Hong Kong's status as a Muslim-friendly destination.<sup>134</sup>

**“If you go to normal food shops nowadays in Oman, you would find either Kinza Cola or Alsi Cola**

**FAWWAZ AMINUDDIN, INVESTMENT DIRECTOR**

Geopolitical boycotts are accelerating the rise of local halal alternatives to US fast-food and coffee chains.

- Ahmad's Fried Chicken launched in Malaysia as a local alternative during boycotts of US brands over the Israel-Hamas war, growing from a food truck to 35 outlets in one year, with plans to reach 110 by the end of 2026.<sup>135</sup>
- ZUS Coffee doubled its footprint to more than 700 locations in Malaysia during the same boycott wave, positioning itself as a patriotic alternative to US-affiliated coffee brands.<sup>136</sup>
- Salaam Cola, a BDS-supporting soda launched in October 2023, sold more than 1.9 billion cans across 16 countries by mid-2025 with a US\$ 7 million turnover in 2024.<sup>137</sup>
- Chat Cola saw West Bank sales surge over 40% in 2024 as shopkeepers replaced Coca-Cola, with orders pouring in from Lebanon, Yemen, the US and Europe.<sup>138</sup>

## CONSUMER AND MARKET DEVELOPMENTS

Dedicated halal supermarkets are emerging as a stand-alone retail format in diaspora markets.

- Carrefour acquired a 10% stake in Hmarket, a halal supermarket chain with ~24 stores in France and Belgium generating €300 million in annual revenue, for €10 million in September 2025 — building on an existing private-label supply relationship.<sup>139</sup>
- South Africa's Shoprite opened the country's largest fully halal-certified Checkers supermarket at Westwood Mall in Durban (October 2025), with full NIHT certification across all departments, 212 jobs created, and plans to expand the halal format to additional locations.<sup>140</sup>
- The Halal Basket, a membership-based halal wholesale marketplace, is opening in Sugar Land, Texas (May 2026), offering retail and bulk hand-cut halal meats and groceries to Houston's large Muslim diaspora community.<sup>141</sup>

Premium halal meat is finding product-market-fit in direct-to-consumer delivery models.

- Ayah Halal launched a UK-wide online platform delivering HMC-approved beef, lamb, chicken, and prepared meals, with free delivery for orders over £50 (equivalent to US\$ 59) and same-day local service.<sup>142</sup>
- Wholly Halal started a subscription meat-box service in Ontario, offering locally sourced, halal-by-hand beef, veal, poultry, and lamb with free delivery and build-your-own box options.<sup>143</sup>

Halal certified, home-grown products are gaining more shelf space in major supermarkets in non-OIC markets.

- Golden Acre Foods rolled out five new halal chilled products (Spicy Turkey Rashers, Original Breaded Chicken Fillets, Chicken Chipolatas, Turkey Chorizo



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Bites, and BBQ Chicken Skewers) into Tesco stores.<sup>144</sup>

- Chaiiwala expanded into travel retail with new stores at Birmingham Airport and London Luton Airport, plus a second drive-thru location, diversifying its distribution formats beyond traditional high streets.<sup>145</sup>

UK and US-based halal chains with strong domestic roots are now scaling internationally through franchising.

- Chaiiwala also reported 35% sales growth to US\$ 120 million in 2024, opened 24 new stores (15 in the UK, 9 internationally, including Dubai and Canada), and is targeting 500 stores globally over the next decade.<sup>146</sup>
- M.A.K. Halal opened a new Sheffield store and announced plans for 10 more UK locations by the end of 2025, offering fixed royalty franchise terms to accelerate growth, and said it is open to international expansion once it finds the right investor or operator.<sup>147</sup>
- Shah's Halal Food, which started as a Queens food cart, opened a new location in Ashburn, Virginia, and had grown to over 90 stores worldwide by mid-2025.<sup>148</sup>

Airport lounges and travel hubs are adding dedicated halal menus to serve Muslim travelers.

- Plaza Premium Group's new Hong Kong International Airport lounge became the first independent airport lounge with a fully certified halal menu (Vietnamese Duck Pho, Thai Sautéed Spicy Chicken) in July 2025.<sup>149</sup>

- Aspire Lounges introduced a dedicated halal menu at Manchester Airport Terminal 2, serving halal dishes daily from 5 pm to 8 pm starting January 2025, after rising guest requests.<sup>150</sup>

Asian specialty beverage and restaurant concepts are entering Gulf markets at scale through franchise deals.

- Gong cha is expanding its footprint in the GCC market with a dessert bowl that introduces local consumers to its signature bubble tea ingredients, available exclusively in Saudi Arabia.<sup>151</sup>
- CupBop opened its first UAE outlet at Dubai's Ibn Battuta Mall in July 2025, offering Korean BBQ-in-a-cup, and plans to open a larger JBR flagship, with further regional expansion.<sup>152</sup>
- HEYTEA obtained JAKIM halal certification in Malaysia and hosted a nationwide free-drink "Halal Day" event that drew long queues and overloaded its mobile app.<sup>153</sup>

Homegrown Saudi and Gulf coffee brands are expanding across the region through travel retail and franchise networks.

- Half Million, a Riyadh-based chain, has expanded to 45 stores across 10 Saudi cities and opened its first international location on Oxford Street in London, positioning itself as a potential global competitor to established coffee chains through a low-price, high-volume strategy.<sup>154</sup>
- Shotted Specialty Coffee, a Saudi-inspired café, opened its fourth U.S. location in Gainesville, Virginia (August 2025), having grown from pop-ups at Washington D.C.-area universities and festivals to brick-and-mortar stores.<sup>155</sup>
- So! Coffee launched at Prince Mohammad bin Abdulaziz International Airport in Madinah in August 2025, doubling Lagardère Travel Retail's presence to 44 Saudi airport stores.<sup>156</sup>
- Barn's, a Saudi chain with over 870 domestic locations, signed a franchise agreement in October 2025 to launch full-service cafés and drive-thrus in Oman and the UAE.<sup>157</sup>

Functional and wellness beverages are gaining traction in Middle Eastern markets through retail partnerships and viral marketing.

- iPRO Hydrate launched vitamin- and electrolyte-enriched hydration drinks in Saudi Arabia through Al Rabie Saudi Foods and showcased dual-branded bottles ahead of Gulfood 2025.<sup>158</sup>
- Dubai-based SYP distributed Kombucha+ powder nationwide via Spinneys, Carrefour, and quick-commerce platforms, citing UAE consumers as "open to innovation".<sup>159</sup>
- Arla's lactose-free Protein Pudding went viral on TikTok with 3.8 million views, sold out within days in Saudi Arabia, and tripled daily sales with a 74% repeat rate after restocking via Hungerstation.<sup>160</sup>



# SIGNALS OF OPPORTUNITIES

IMPACT: + Low + Moderate \* High

MATURITY: ● Early ●● Intermediate ●●● Mature

1

## New trade corridors are emerging as tariff regimes reshape global food flows.

Post-tariff realignments are redirecting halal protein trade. Pakistan's halal meat exports to China surged 239% in 2025. Brazil's JBS invested US\$ 85 million to expand Saudi operations. Malaysia is converting Penang Port into a tuna transshipment hub targeting EU, GCC, BRICS, and US markets—signaling new origin-destination pairings for halal supply chains.

IMPACT: \* MATURITY: ●●

2

## Global halal compliance is becoming more accessible through converging standards and mutual recognition.

Indonesia leads with 92 MRAs across 24 countries. Uzbekistan and Malaysia are adopting SMIIC/OIC standards, while the US-Malaysia deal and Pakistan's fee removal ease halal trade, helping producers access multiple markets with fewer strategic certifications.

IMPACT: \* MATURITY: ●●●

3

## Boycott-beneficiary brands are scaling into permanent market fixtures.

Brands launched or accelerated during geopolitical boycotts are proving durable. Ahmad's Fried Chicken grew from a food truck to 35 outlets in one year. ZUS Coffee doubled to 700+ locations. Salaam Cola sold 1.9 billion cans across 16 countries. Diaspora chains like Shah's (90+ stores) and Chaiiwala (US\$ 120 million sales) are also scaling globally through franchise networks.

IMPACT: + MATURITY: ●●●

4

## Global digital halal compliance infrastructure is emerging in traction with surveillance.

Indonesia mandated online halal product registration, while Malaysia introduced MYeHALAL for digital certification. The European Halal Congress promoted blockchain for supply-chain transparency. Enforcement is key, with Malaysia's JAKIM revoking 3,068 certificates and Indonesia tightening Chinese import oversight.

IMPACT: + MATURITY: ●●●

5

## A 'Premium Halal' tier is emerging that extends assurance to business practices.

Halal marks now include ESG and service quality. Saudi Arabia's SFDA introduced a "Golden halal logo" for ESG compliance, while Hong Kong's Q-Mark certifies restaurant service quality. Premium halal will increasingly demand ethical business practices alongside product compliance.

IMPACT: + MATURITY: ●●●

# Strategic Considerations by Stakeholders

The halal food sector is undergoing structural shifts, from converging certification standards and emerging trade corridors, to digital compliance infrastructure and new brand-building models. These developments create distinct opportunities and challenges for governments, investors, and businesses.

## GOVERNMENT

### OPPORTUNITIES

#### 1 Embed mutual recognition into national export and re-export strategies.

Mutual recognition agreements are key to halal trade access. Governments should negotiate MRAs as core trade strategy, using certification origin to expand markets for domestic producers—particularly as new trade corridors emerge post-tariffs.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Indonesia signed 52 new MRAs with 24 countries, bringing the total to 92 recognized certification bodies.
- Malaysia-UAE CEPA includes an Islamic economy chapter with halal mutual recognition provisions.
- US-Malaysia trade agreement streamlines halal requirements and recognizes US food safety systems.

#### 2 Invest now in digitalizing halal compliance infrastructure.

Early investment in digital certification systems positions governments to lead rather than follow as the halal ecosystem digitizes. Current adoption is nascent, creating a first-mover advantage for nations that build interoperable, scalable digital infrastructure.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Indonesia's BPJPH mandated online registration for all halal-certified products via Circular No. 7/2025.
- Malaysia launched MYeHALAL, a fully digital halal certification system.

- Pakistan's halal meat exports to China surged 239% in 2025, enabled by strengthened compliance frameworks.

##### POTENTIAL OUTCOMES BY 2036:

- Nations that systematically embed MRAs into trade agreements could see halal export volumes double, capturing emerging corridors as tariff regimes reshape global food flows.

- Abu Dhabi created a unified national database aligning food registration with halal certification criteria.
- The H20 Summit communiqué called for accelerating digital transformation of the global halal ecosystem.

##### POTENTIAL OUTCOMES BY 2036:

- Governments with mature digital halal infrastructure could become preferred certification jurisdictions, as exporters seek streamlined, globally recognized digital credentials that reduce friction in cross-border trade.

### CHALLENGES

#### 1 Digital infrastructure investment must anticipate surveillance and enforcement demands.

Digital systems are proving most valuable for post-certification monitoring—Malaysia's JAKIM revoked 3,068 certificates in 2024; Indonesia tightened oversight

of Chinese imports through facility inspections. Governments must budget not just for certification digitization but for the enforcement capabilities these systems enable, including auditor training and cross-border data sharing protocols.

## INVESTORS

### OPPORTUNITIES

#### 1 Dedicated halal retail formats are scaling and attracting strategic capital.

Halal supermarkets and wholesale formats are emerging as standalone retail concepts in diaspora markets, attracting investment from major grocery players seeking exposure to Muslim consumer spending without full portfolio overhaul.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Carrefour acquired 10% stake in Hmarket (24 stores, €300 million annual revenue) for €10 million in September 2025.
- South Africa's Shoprite opened largest fully halal-certified Checkers supermarket in Durban.

- The Halal Basket membership-based wholesale marketplace opening in Sugar Land, Texas (May 2026).
- Salaam Market launched B2B platform integrating Maybank Islamic financing to onboard 10,000 MSMEs.

##### POTENTIAL OUTCOMES BY 2036:

- Investors in dedicated halal retail formats could capture the formalization of Muslim consumer grocery spending in diaspora markets, with strategic partnerships from mainstream retailers validating the category and providing exit optionality.

#### 2 Boycott-beneficiary and diaspora brands are ready for growth capital.

Brands that emerged or accelerated during geopolitical boycotts have proven durable, with sustainable business models, franchise networks, and regional expansion plans. Combined with diaspora chains scaling globally, these represent investable platforms with strong consumer loyalty and demonstrated unit economics.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Ahmad's Fried Chicken grew from food truck to 35 outlets in one year, targeting 110 by end of 2026.
- ZUS Coffee doubled to 700+ locations across Malaysia.

- Salaam Cola sold 1.9 billion cans across 16 countries with US\$ 7 million turnover in 2024.
- Shah's Halal Food (started as Queens food cart) grew to 90+ stores worldwide.
- Chaiiwala reached US\$ 120 million in sales, targeting 500 global stores.

##### POTENTIAL OUTCOMES BY 2036:

- Early investors in scaled boycott and diaspora brands could benefit from rapid regional expansion through franchise models, with values-driven consumer loyalty providing defensibility against multinational re-entry.

“There's a gap between halal financing and food companies. Many investors expect unrealistic returns—similar to tech startups. But food is a volume game.”

AHMAD ADAM, PRESIDENT/CEO, CRESCENT FOODS

## CHALLENGES

### 1 Sovereign wealth fund consolidation is reshaping competitive dynamics.

Sovereign-backed platforms like HPDC's US\$ 2.07 billion Sadia joint venture and Almarai's US\$ 4.8 billion expansion create integrated competitors with patient capital and strategic mandates beyond returns.

Private investors should identify niches, adjacent segments, or non-GCC geographies where they can add differentiated value rather than compete directly with state-backed platforms.



UNSPLASH/ISAMANTHA SHEPPARD

## BUSINESSES

## OPPORTUNITIES

### 1 Multinationals should establish an internal Halal Centre of Excellence.

As certification requirements fragment across jurisdictions—with 92 Indonesian MRAs, emerging ASEAN and GCC blocs, parallel secular frameworks in the US and India, and new digital compliance systems—duplicative costs are mounting. Centralizing halal compliance management reduces redundant audits, optimizes certification portfolios, and ensures consistent market access.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Indonesia's 92 MRAs mean strategically certified products access more markets without re-certification.
- 10 US states enacted halal labeling laws; India introduced government-regulated certification.
- Malaysia launched digital certification (MYeHALAL); Indonesia mandated online product registration.

### 2 Use premium halal positioning as a market differentiator.

As the use of halal marks expand beyond ingredients to incorporate ESG compliance and service quality, businesses can differentiate through premium halal positioning that signals ethical business practices—appealing to values-conscious Muslim consumers and ESG-focused institutional buyers alike.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Saudi Arabia's SFDA launched "Golden halal logo" integrating ESG compliance with halal standards.
- Hong Kong's Q-Mark Halal Scheme certifies restaurant service quality for Muslim-friendly destinations.
- Crescent Foods differentiates on hand-slaughtered authenticity as millennials demand transparency.

- ASEAN Halal Council proposed to coordinate regional standards.

#### POTENTIAL OUTCOMES BY 2036:

- Businesses with centralized halal functions could access 80%+ of global halal markets through 2-3 well-chosen certifications, while competitors with fragmented approaches face multiplicative compliance costs and delayed market entry.

- Premium D2C halal meat platforms (Ayah Halal, Wholly Halal) finding product-market fit.

#### POTENTIAL OUTCOMES BY 2036:

- Brands that pioneer premium halal positioning could command price premiums and preferred supplier status as institutional buyers—particularly in GCC markets with Vision 2030 ESG mandates—prioritize suppliers demonstrating ethical practices beyond baseline compliance.

*“When we launched in London in 2019, we differentiated by branding it ‘from the streets of New York.’”*

**KHALID MASHRIQI, CEO, SHAH'S HALAL FOOD**

## CHALLENGES

### 1 Premium halal requires market education investment.

While premium halal positioning offers differentiation, consumer awareness of ESG-aligned halal marks remains nascent. Businesses pursuing this strategy must invest in educating both

Muslim consumers and mainstream buyers on what premium halal signifies—a cost that early movers bear but which builds brand equity as the category matures.

# The final push: global coalition pledges \$1.9 billion to end polio

AT THE CLOSE OF THE 2025 calendar year, global leaders gathered for what many hope will be remembered as the beginning of the end for one of humanity's most dreaded diseases. The occasion marked a pivotal moment in the decades-long battle against polio, as international partners announced a collective commitment of \$1.9 billion to advance eradication efforts and protect hundreds of millions of children worldwide.

The pledging event, titled "Investing in Humanity: Uniting to End Polio," was co-hosted by the Mohamed bin Zayed Foundation for Humanity and the Global Polio Eradication Initiative (GPEI), drawing heads of state, major philanthropists, and government ministers from affected nations.

The scale of the announcement reflects the stakes. But beyond governments and billionaires, it is a story about institutions that operate at the intersection of trust, culture, and credibility.

Among them is the Islamic Food & Nutrition Council of America (IFANCA), whose \$4 million pledge is a critical investment during this last mile moment, where every dollar matters.

## A DISEASE ON THE BRINK

Wild poliovirus, which once paralyzed hundreds of thousands of children annually, is now endemic in only two countries: Afghanistan and Pakistan. The world stands at what public health experts describe as 99.9% of the way toward complete eradication, a milestone that seemed impossible just decades ago.

Polio eradication is not just a health priority for Gilgit-Baltistan; it is a national responsibility for Pakistan, especially after the recent case in Diamer (one of the regions in the north of Pakistan in Gilgit Baltistan) reminded us that the virus still threatens our children," said Dr. Mubashir Hassan, Director Health Planning & Procurement, Gilgit-Baltistan.

Public health professionals often describe eradication as a paradox: the closer you get to zero, the harder every remaining step becomes. The window for action is narrow, and the stakes are enormous. Complete eradication would save the world more than \$33 billion by 2100 compared with the costs of managing recurring outbreaks indefinitely.

The latest commitments include approximately \$1.2 billion in new pledges, which reduces the remaining fund-



ing gap for GPEI's 2022-2029 strategy to \$440 million. These resources will accelerate vital efforts to reach 370 million children each year with polio vaccines and strengthen health systems in affected countries.

The "last mile" of polio eradication runs through regions shaped by conflict, political instability, misinformation, and deep-rooted mistrust of external intervention. In such environments, technical capacity alone is insufficient. The simple fact is that vaccines do not fail because they are ineffective; they fail because they are refused, feared, or misunderstood.

This is where IFANCA's role becomes especially significant.

## IFANCA AND THE POLITICS OF TRUST

IFANCA is best known globally for its work in halal certification, helping ensure food, pharmaceuticals, and consumer products meet Islamic dietary and ethical standards. But its influence extends well beyond certification.

For decades, IFANCA has functioned as a bridge between scientific institutions and Muslim communities, translating technical standards into culturally credible assurances. That same credibility now matters profoundly in global health.

At the Abu Dhabi pledging event, IFANCA reaffirmed its commitment to polio eradication, framing its contribution not simply as financial support, but as part of a broader moral obligation to protect children. "Supporting children and protecting the most vulnerable is central to IFANCA's mission," said IFANCA President Dr. Muhammad Munir Chaudry, adding that "the last mile is the hardest, but we stand with GPEI partners and donors to finish the job".

The wording is telling, reflecting an understanding that eradication is not just a logistical challenge, but a social one. Their support signals that immunization is



Global polio pledge announcing US\$1.9bn to eradicate polio at Abu Dhabi Finance Week 2025

not only medically sound, but ethically acceptable and religiously compatible.

## WHY IFANCA'S CONTRIBUTION PUNCHES ABOVE ITS WEIGHT

Beyond its financial contributions, the value of IFANCA's involvement lies in where and how it operates. Polio eradication efforts increasingly depend on reaching communities where external authority, whether governmental or international, is often viewed with skepticism. In such contexts, faith-based institutions often enjoy levels of trust that governments and NGOs do not.

"We are closer than ever to ending polio for good, but the final mile demands not only resources, but trust and partnership," said Michael J. Nyenhuis, President and CEO of UNICEF USA. "UNICEF has seen that vaccines can only save lives when communities have confidence in the institutions delivering them. The leadership of trusted organizations like IFANCA reminds us that protecting children from preventable disease is a shared moral responsibility. Together, if we stay the course, we can reach the finish line."

By standing publicly alongside GPEI, WHO, UNICEF, and major philanthropic actors, IFANCA reinforces a critical message: that ending polio is compatible with, not in conflict with, religious values.

## A BROADER SHIFT IN GLOBAL HEALTH

The Abu Dhabi pledging moment also reflected a broader shift in how global health is financed and delivered. The Global Polio Eradication Initiative faces an expected 30% budget cut in 2026, while major donor governments, including the United States, Germany, and the United Kingdom, have pulled back from international aid com-

mitments. As funding becomes less predictable, global health response is moving beyond reliance on a narrow group of state donors toward a wider coalition of philanthropies, regional foundations, civil society organizations, and faith-based institutions.

Seen through this lens, the growing role of organizations like IFANCA is less about supporting individual medical interventions and more about strengthening global health security. Public health crises increasingly unfold in environments shaped by political instability, cultural sensitivities, and distrust of external authority. In such contexts, success depends not only on scientific capability but on the presence of trusted intermediaries capable of bridging global systems with local communities. IFANCA's longstanding credibility within Muslim communities positions it as one of these stabilizing actors—reducing friction and helping ensure that international health initiatives can operate effectively in culturally complex settings.

In response to budgetary pressures, GPEI partners plan to focus resources on surveillance and vaccination in the highest-risk areas.

Whether that time is used effectively will depend not only on how funds are deployed, but on who is trusted to deliver them. In that equation, IFANCA's involvement is strategic. The \$1.9 billion pledged in Abu Dhabi represents renewed commitment at a moment when global cooperation faces significant headwinds. It demonstrates that even in an era of constrained budgets and competing priorities, the world can still rally around goals that transcend borders and benefit all of humanity.

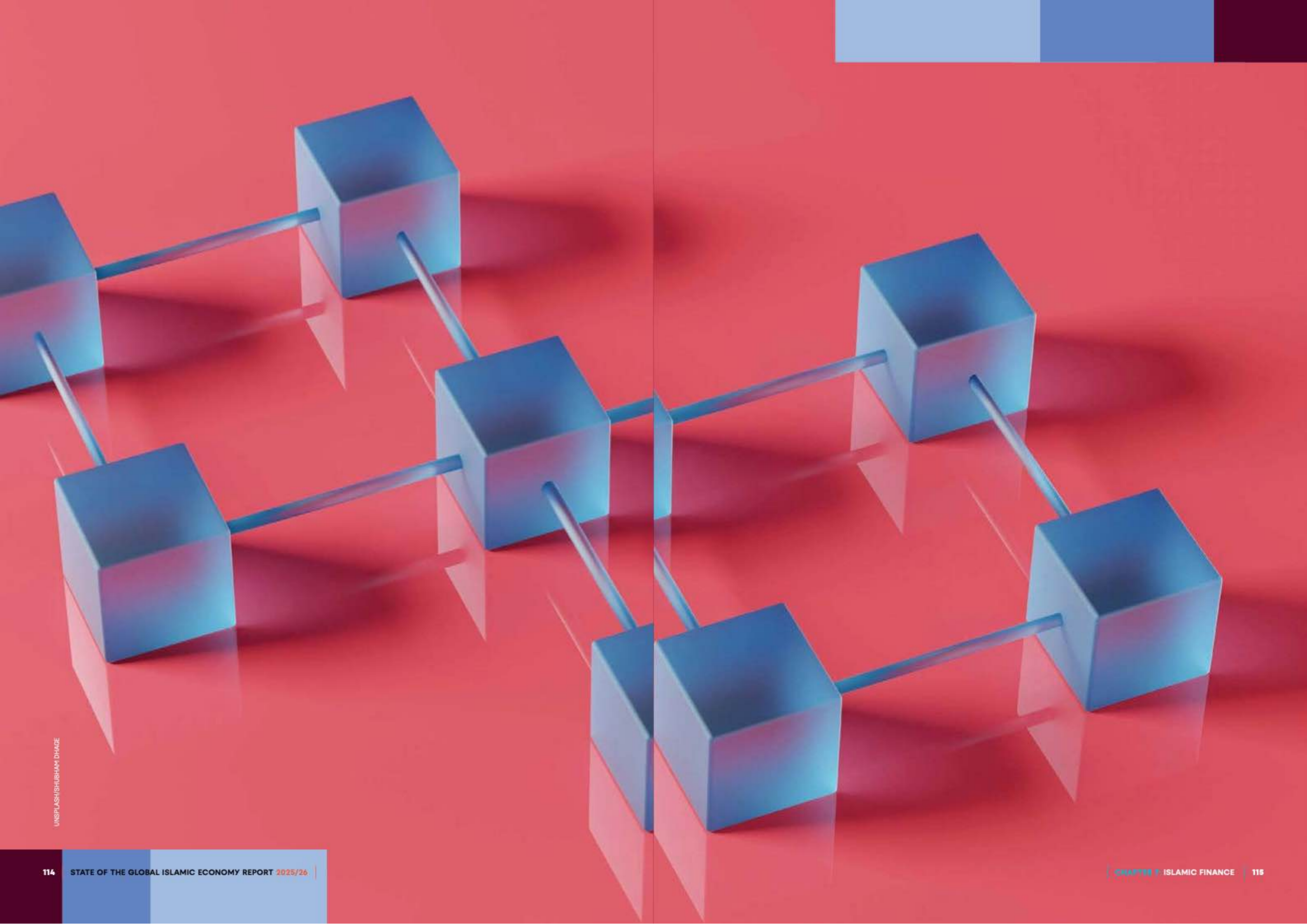
As Dr. Chaudry noted, the last mile is the hardest. If the world does finish the job, institutions like IFANCA will have played a role that history may not fully quantify, but should not forget. The finish line is in sight.

CHAPTER

CHAPTER



# Islamic Finance



# ISLAMIC FINANCE

ALL FIGURES IN US\$ BILLION, UNLESS STATED OTHERWISE

## CONSUMER POWER

Represented by **\$6 trillion in Islamic finance assets globally (2024/25)**. YOY growth 2023-24 of 20.6%, reaching **\$9.7 trillion** by 2029 (10.2% CAGR).



## TOP 5 ISLAMIC FINANCE ASSETS MARKETS



## GLOBAL ASSET COMPOSITION



\*All estimates by DinarStandard except for Islamic Finance sector provided by LSEG Data & Analytics Islamic Finance Development Indicator 2024 data. Investments (figures and individual deals) are based on a detailed scan of databases from Capital IQ, Crunchbase and DinarStandard analysis from Jan 2025 to Dec 2025. See appendix for detailed methodology. OIC: Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries. SEE APPENDIX FOR DETAILED METHODOLOGY. OIC: Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.

## INVESTMENT BUILDERS

● = 1 deal

Digital rails, sovereign funds, and innovative instruments are rewiring the architecture of Shariah-compliant finance.

## \$2.3 billion

Disclosed value for all 122 deals in 2025.



### TOP COUNTRIES BY TOTAL DEAL VALUE AND NUMBER OF DEALS

US\$ MILLION (2025)

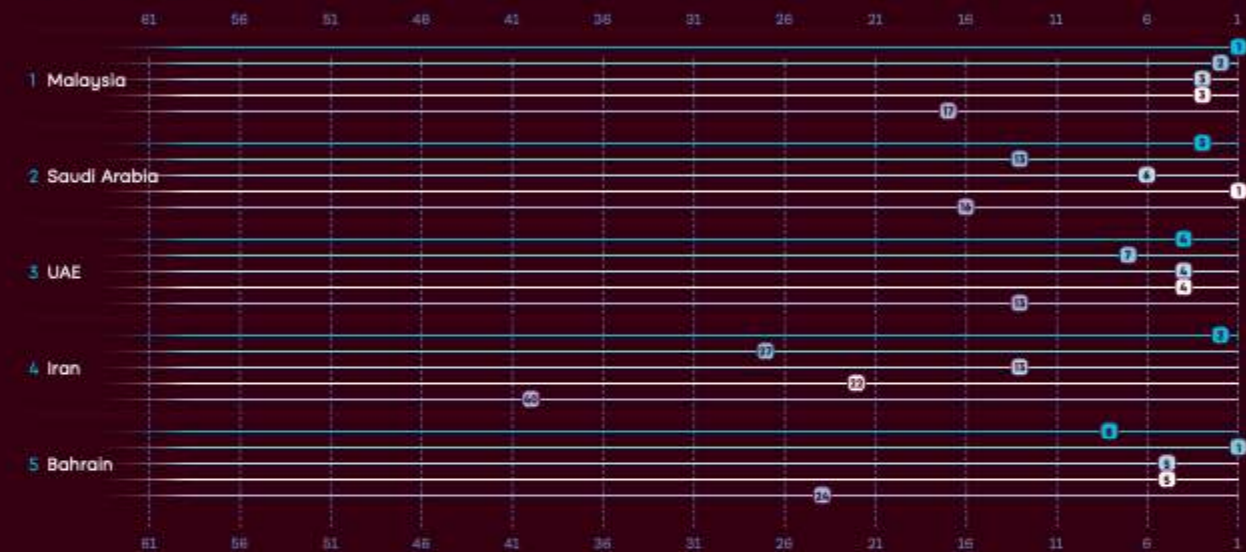


## SOVEREIGN INDEX

■ Financial ■ Governance ■ Awareness ■ Social ■ Innovation

### ISLAMIC FINANCE – GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2025)

(SEE CHAPTER 4 FOR DETAILS)



## KEY DEVELOPMENTS

Digital rails, retail instruments, and social finance are converting faith-based capital into economic sovereignty.

1 INNOVATION	Saudi real estate tokenization infrastructure launched at national scale under REGA.
2 GOVERNANCE	AAOIFI delays Shariah Standard 62 rollout to prevent market dislocation on sukuk ownership.
3 SOCIAL FINANCE	Maldives launches Islamic Social Finance Initiative, introduces Zakat, Waqf and Sadaqah.
4 DIGITAL ASSETS	Ruya launches world's first Shariah-compliant Bitcoin trading for Islamic banking customers.
5 NEW MARKETS	Uzbekistan and Kazakhstan approve Islamic banking legislation, new market foundations laid.

## SIGNALS OF OPPORTUNITIES

Five shifts redefining Islamic Finance, from digital payment rails to sub-sovereign sukuk.

IMPACT + Low + Moderate + High





# Islamic Finance

Islamic finance plays a central role in the broader Islamic economic system. It provides the financial tools and institutions that support investment, trade, and halal economic activities across sectors. In 2025, the global Islamic finance industry has moved from a phase of steady growth to one of deeper maturity and faster digital adoption.

**THE GLOBAL ISLAMIC FINANCE INDUSTRY** in 2025 has transitioned from a phase of resilient growth to one of structural maturity and aggressive digital integration. Against a backdrop of stabilizing global interest rates and complex geopolitical realignments, the sector has demonstrated exceptional durability, with total assets estimated at US\$ 6.0 trillion as of 2024/25.<sup>161</sup> The narrative of the past year is defined by three converging forces: the sovereign-led institutionalization of Islamic social finance, the deployment of national-grade digital asset infrastructure, and a jurisprudentially grounded recalibration of Shariah standards aimed at aligning jurisprudential integrity with market stability.

The year 2025 marked the emergence of a shift from incrementalism to ecosystem building, driven by the strategic adoption of emerging digital architectures reshaping financial and real-economy ecosystems. Governments are no longer just licensing Islamic banks; they are architecting entire value chains—from the Abu Dhabi FIDA cluster<sup>162</sup> to Saudi Arabia's national real estate tokenization infrastructure.<sup>163</sup> These initiatives are designed to capture the full spectrum of the halal economy value chain, integrating finance with real-economy sectors such as real estate, logistics, and sustainability.

A defining characteristic of this period is the "retailization" of sovereign debt. The UAE's Retail Sukuk initiative<sup>164</sup> exemplifies a strategic shift to democratize access to capital markets, allowing household savings to participate in national development while deepening domestic liquidity pools. Simultaneously, the tension between strict Shariah compliance and market pragmatism reached a crescendo with the AAOIFI Standard 62 debate, resulting in a strategic delay to prevent market dislocation.<sup>165</sup>

Furthermore, the "S" in ESG (Social) has moved to the forefront. The launch of the Maldives Islamic Social Finance Initiative (MISFI)<sup>166</sup> and Indonesia's Orange Social Sukuk<sup>167</sup> signals the formal integration of Zakat, Waqf, and Sadaqah into the regulated financial system, creating pathways to mobilize billions in dormant faith-based capital for development goals.

For consideration: An alternative version to explain the Orange Social sukuk more: Furthermore, the "S" in ESG (Social) has moved to the forefront. In the Maldives, the launch of the Maldives Islamic Social Finance Initiative (MISFI) signals the formal integration of Zakat, Waqf, and sadaqah into regulated financial frameworks, creating pathways to mobilize billions in previously dormant faith-based capital for national development goals. In parallel, Indonesia's Orange Social Sukuk illustrates the use of sovereign sukuk to channel capital-market funding toward clearly defined social development objectives.

This chapter reviews the main developments in Islamic finance during the current report's cycle, structured to offer actionable intelligence for investors, regulators, and financial institutions navigating the next decade of the Islamic economy. It covers market size and asset composition, institutional and regulatory changes, geographic trends, growth drivers, and key constraints. The chapter is organized by subsector, covering Islamic banking, sukuk, takaful, Islamic funds, fintech, and social finance, while also highlighting how these subsectors connect to each other and to the wider Islamic economy.

## 2025/26 Developments

### REVENUE DEVELOPMENTS

The scale of the Islamic finance opportunity has expanded beyond simple asset accumulation to encompass depth, liquidity, and product diversity. Global Islamic finance assets were valued at approximately US\$ 6.0 trillion in 2024/25, reflecting 20.6% growth from US\$ 4.9 trillion in the previous year. The sector's trajectory suggests a compound annual growth rate (CAGR) of approximately 10.2%, targeting a valuation of US\$ 9.7 trillion by 2029.<sup>168</sup>



UNSPLASH/SHUBHAM DHAGE

### GLOBAL ASSET COMPOSITION

The industry's expansion is driven by a synchronous deepening across its four core pillars: Islamic banking, sukuk, takaful, and Islamic funds.

SECTOR SEGMENT	ESTIMATED ASSETS (2024, \$)	STRATEGIC OUTLOOK (2025-2030)
Islamic Banking	4.3 Trillion	Consolidation in fragmented markets (e.g., Bangladesh) and digital transformation in mature markets (GCC, Malaysia).
Sukuk	> 1 Trillion (Outstanding)	Shift towards ESG/Green Sukuk and local currency issuances to mitigate FX risk.
Islamic Funds	308 Billion	Growth in Shariah-compliant ETFs and private credit funds targeting real economy assets.
Takaful	136 Billion	Digital distribution and micro-takaful integration into super-apps.

SOURCE: DATA DERIVED FROM INDUSTRY ESTIMATES AND LSEG/ICD REPORTING\*\*

### Updates on Revenue Developments

This section summarizes notable developments tracked for this SGIE cycle.

#### Cross-cutting themes observed this cycle.

- **Retailization:** Sovereign issuers and regulators are making Shariah products accessible in smaller ticket sizes (e.g., retail sukuk and Shariah money market funds), which can deepen local markets but requires stronger consumer protection.
- **Regulated digital rails:** CBDC roadmaps, stablecoin frameworks, and sandbox programs point to a more regulated approach to digital assets and payments—focusing on controlled experimentation rather than open-ended adoption.
- **New market 'building blocks':** More jurisdictions are prioritizing foundational regulations, sukuk frameworks, and Shariah governance standards to attract investment and reduce the friction of cross-border participation.
- **Capital structure reorientation:** Islamic investors are increasingly favoring equity-based and profit-and-loss-sharing structures over debt-like financing models, prompting a gradual shift in mainstream Islamic product design.
- **Social impact as a mainstream objective:** Several issuers are explicitly targeting inclusion outcomes (women entrepreneurs, SMEs, pensions, and social protection) with clearer reporting and program structure.

## INVESTMENT SUMMARY

COUNTRY	DEAL TYPE	SUB-VERTICAL	ORGANIZATION NAME	DEAL VALUE (US\$ MILLION)
The UAE	Private Equity	Invoice Financing	Zelo	715
Uzbekistan	Private Equity	Digital Payment	CLICK	176
Saudi Arabia	Venture Capital	Digital Payment	Hala	157
Oman	Private Equity	Commercial Bank	Oman Arab Bank	130
Burkina Faso	Private Equity	Commercial Bank	Coris Holding	116

SOURCE: VARIOUS SOURCES, DINARSTANDARD ANALYSIS

**“ We see stablecoin-based settlement, when fully backed and properly governed, as an efficiency layer rather than a speculative instrument. In the context of Islamic finance, this can reduce friction in cross-border flows and support real-economy transactions while maintaining a clear linkage to underlying assets.”**

MOHAMMAD RAAFI HOSSAIN, CO-FOUNDER & CEO, FASSET

## MULTILATERAL ISLAMIC FINANCE DEVELOPMENTS

Multilateral institutions play an important role in the Islamic finance ecosystem by setting standards, providing financing, and helping countries build the legal and technical foundations for growth. This year, developments show a stronger focus on cross-border cooperation and shared rules for new products like green sukuk.

- The Islamic Development Bank (IsDB) acted as a counter-cyclical stabilizer, partnering with ICMA and LSEG to publish guidance on green, social, and sustainability sukuk, standardizing ESG issuance in OIC markets.<sup>170</sup>
- Sierra Leone became the 51st member of the IsDB's Islamic Corporation for the Insurance of Investment and Export Credit, giving the country access to Islamic investment and export credit insurance.<sup>171</sup>
- The IsDB Institute began discussions on a collaboration with the Universal Postal Union, focusing on using digital postal Islamic financial services in underserved urban and rural areas.<sup>172</sup>
- A joint World Bank–IsDB report on “Islamic Finance and Climate Agenda” was published in late 2025,

integrating Shariah-compliant finance into the multilateral climate finance policy framework.<sup>173</sup>

- The Islamic Development Bank Group unveiled its 10-Year Strategic Framework (2026–2035), setting medium-term priorities for Islamic development finance with an emphasis on sustainability, resilience, and deeper multilateral coordination.<sup>174</sup>
- Azerbaijan is preparing to issue Sukuk for infrastructure and energy projects, supported by ICD expertise.<sup>175</sup>

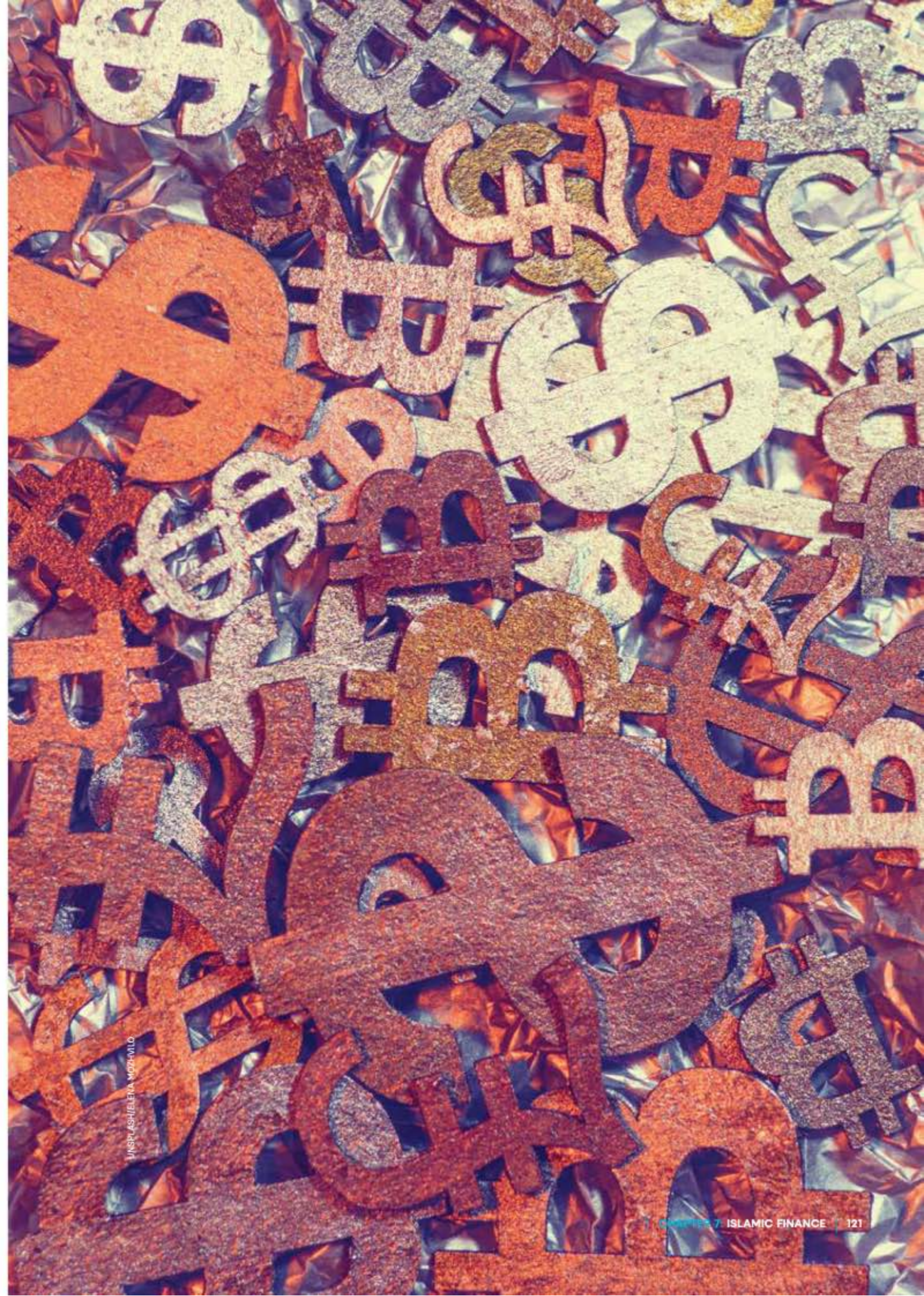
## STANDARD-SETTER ENGAGEMENT: THE AAOIFI STANDARD 62 PIVOT

One of the most consequential developments in 2025 was the strategic pause in the implementation of **AAOIFI Shariah Standard 62** on Sukuk.<sup>176</sup>

Standard 62 was proposed to address a long-standing structural concern in the sukuk market: The prevalence of “Asset-Based” structures (where investors have beneficial ownership but no recourse to the asset) versus “Asset-Backed” structures (true sale, where investors own the asset). The proposed revisions mandated a “true sale” of assets, requiring legal transfer of ownership to sukuk holders.<sup>177</sup>

The market reaction was acutely cautious. Institutional investors and rating agencies (such as S&P and Fitch) warned that a strict application of “true sale” could reclassify sukuk from fixed-income instruments (debt) to equity instruments.<sup>178</sup> This would have profound implications:

- **Capital Weighting:** Banks holding sukuk would face higher capital charges if the assets were deemed equity.
- **Sovereign Constraints:** Many governments cannot legally alienate strategic national assets (e.g., airports, highways) to foreign investors, making “true sale” legally impossible for sovereign issuance.<sup>179</sup>
- **Rating Methodology:** Rating agencies indicated they would need to rate the underlying asset quality of sukuk rather than the obligor's creditworthiness, potentially leading to widespread downgrades.<sup>180</sup>



**“The most practical path to bridging the asset-based vs. asset-backed divide is ‘Contractual Realism’ through enhanced fiduciary disclosure. While the Shariah ideal is *milkiyyha al-tammah* (absolute legal ownership), global tax and legal frictions often preclude a statutory ‘true sale.’ Rather than demanding immediate, costly legal title transfers in jurisdictions with high ‘true sale’ barriers, Shariah governance should mandate a ‘Substance-Over-Form’ Disclosure Framework.”**

**PROF. DATIN DR. RUSNI HASSAN, IIBF,  
INTERNATIONAL ISLAMIC UNIVERSITY  
MALAYSIA (IIUM)**

AAOIFI’s decision to delay the rollout represents a regulatory pragmatism in balancing structural reform with market stability. The delay allows for a “transition planning” phase where issuers can develop hybrid structures that satisfy Shariah boards without triggering negative credit events.<sup>181</sup> However, it remains to be seen if the long-standing structural concern could be addressed satisfactorily.

## MAJOR REGIONAL DEVELOPMENTS ACROSS KEY ISLAMIC FINANCE MARKETS

Major Islamic finance markets used policy reforms, new institutions, and capital market tools to strengthen their Islamic finance systems this year. These changes matter for the wider Islamic economy because stronger financial infrastructure helps channel savings into productive investment and trade.

- Gulf News reported that the UAE approved a National Strategy for Islamic Finance and the Halal Industry. This provides a top-down coordination signal for growth, product innovation and international positioning.<sup>182</sup>
- Abu Dhabi announced the FIDA cluster focused on FinTech, digital assets and insurance, aiming to accelerate innovation, investment, and ecosystem building.<sup>183</sup>
- In Kazakhstan, the lower house approved amendments allowing conventional banks to open Islamic windows. The reform introduces two banking license categories.<sup>184</sup>
- Uzbekistan is introducing Islamic banking after the Senate approved legislation creating a legal framework for Shariah-compliant financial services.<sup>185</sup>

- Bangladesh moved forward with a consolidation plan involving multiple Islamic banks, framing it as a stability and restructuring measure for the sector. Consolidation may strengthen balance sheets and governance, but requires careful integration to avoid depositor confidence issues and Sharia.<sup>186</sup>
- Bangladesh Bank released a new Shariah governance circular for Islamic banks, effective January 2026, amid talks and plans of a five-way merger in the sector. This signals continued regulatory institutionalization of Islamic finance, enabling broader product rollout and market entry.<sup>187</sup>
- In Tanzania, the central bank confirmed that its draft Islamic finance policy is ready for parliamentary review.<sup>188</sup>

## SOCIAL IMPACT DEVELOPMENTS

Social impact is becoming a more visible part of Islamic finance. Targeted sukuk, government programs, and structured social finance initiatives are helping to direct capital toward development goals. This trend creates important links between Islamic finance and the broader Islamic economy, especially in areas like poverty reduction, gender equity, and climate resilience.

- Permodalan Nasional Madani announced a three-series IDR1.02 trillion (US\$ 61.19 million) Orange Sukuk program in October 2025, targeting women entrepreneurs; subsequent issuances and listings into early 2026 confirmed sustained investor appetite for gender-focused thematic sukuk.<sup>189</sup>
- In Tanzania, CRDB Bank progressed its Al Barakah Sukuk, a Shariah-compliant, dual-tranche (TZS- and US\$-denominated) issuance listed on the Dar es Salaam Stock Exchange, initially sized at TZS 30 billion and US\$ 5 million and significantly oversubscribed, marking a regulatory milestone for Tanzania’s Islamic capital markets.<sup>190</sup>
- Maldives President launched an Islamic Social Finance Initiative, positioning it within a broader vision of the Maldives as a financial hub. This aims to expand the national toolkit for social impact mobilization and signals positioning ambition.<sup>191</sup>
- IIX and BRAC EPL Investments joined forces to grow Bangladesh’s market for Orange bonds and Orange Sukuk, with a focus on gender equity and climate resilience.<sup>192</sup>

## ISLAMIC BANKING DEVELOPMENTS

Islamic banking is the largest subsector of the Islamic finance industry. It provides core services such as deposits, financing, and payment systems that support households and businesses across the Islamic economy. Key developments this year include bank consolidation, stronger governance frameworks, and expansion into new markets.

- Bangladesh completes consolidation of Islamic banks (Islami Bank merger). Bangladesh moved forward with a consolidation plan involving multiple Islamic banks, framing it as a stability and restructuring measure for the sector. This consolidation may strengthen balance sheets and governance, but requires careful integration to avoid depositor confidence issues and Shariah.<sup>193</sup>
- Oman’s ahlbank accepted a merger proposal from Sohar International Bank, under which ahlbank’s assets and liabilities will be transferred to Sohar International.<sup>194</sup>
- Ethiopia’s Zemen Bank announced plans to launch Islamic banking services through an Islamic window within its existing conventional operations, supported by a dedicated Islamic banking department and Shariah compliance framework.<sup>195</sup>
- In the Pakistani banking sector, Bank of Khyber began the process of converting its operations into a fully Islamic bank, in line with Pakistan’s national goal of running a fully Shariah-compliant banking system by 2027.<sup>196</sup>
- Standard Bank Group introduced South Africa’s first Shariah compliant Wakalah-structured overdraft facility targeting business clients.<sup>197</sup>

## SUKUK DEVELOPMENTS

Sukuk are the main capital market instrument in Islamic finance. They allow governments and companies to raise funds in a Shariah-compliant way. In this reporting cycle, sukuk markets continued to broaden in several important ways: more countries issued sovereign sukuk, corporate issuers became more active, retail investors gained access, and green and sustainability-linked sukuk grew in number.

- The UAE Ministry of Finance unveiled a retail Sukuk initiative enabling citizens and residents to invest in government Treasury Sukuk starting from AED 4,000 (US\$ 1,089). This deepens capital-market funding options for issuers and diversifies Shariah-compliant fixed-income supply for investors.<sup>198</sup>
- Türkiye’s Treasury returned to the international sukuk market with a US\$ 2.5 billion 5-year lease certificate issuance.<sup>199</sup>
- The Nigerian government issued a NGN300 billion (US\$ 187.6 million) sovereign Sukuk, which was oversubscribed by 735%.<sup>200</sup>
- Egypt issued its first domestic sovereign sukuk, raising EGP3 billion (US\$ 63.11 million) through a three-year Ijarah paper that was five times oversubscribed.<sup>201</sup>
- Saudi Aramco raised US\$ 3 billion via sukuk despite heightened regional tensions, underscoring continued global investor demand for high-quality GCC Islamic debt.<sup>202</sup>
- Alif Uzbekistan, a fintech company, raised US\$ 5 million through its first private issuance under a US\$

50 million sukuk program.<sup>203</sup>

- Dubai Islamic Bank debuted a US\$ 1 billion sustainability-linked sukuk with a five-year maturity and a 4.572% profit rate, oversubscribed twice.<sup>204</sup>
- In Malaysia, Permodalan Nasional Berhad (PNB) issued a US\$ 300 million secured exchangeable sukuk that can be exchanged into Gamuda shares, illustrating how sukuk structures are being adapted beyond plain-vanilla funding.
- Meanwhile, Oman returned to the global market with a US\$ 1 billion sovereign sukuk facility to support fiscal reforms and liability management, achieving a four-times oversubscription for the offering with pricing that was competitive and inside Oman’s conventional sovereign yield curve, reflecting strong investor demand.<sup>205</sup>
- Sobha Realty tapped into the sustainability demand with a US\$ 750 million green sukuk listed on Nasdaq Dubai.<sup>206</sup> This issuance highlights the real estate sector’s pivot toward green financing, driven by regulatory pressure to decarbonize the built environment in the UAE.
- In Tanzania, the government of Zanzibar officially launched its inaugural quasi-sovereign sukuk offering – a seven-year Ijarah facility worth TZS115 trillion (US\$ 445.43 million).<sup>207</sup>
- Rwanda’s Capital Markets Authority and the Rwanda Stock Exchange began developing a regulatory framework to introduce Islamic finance instruments, including sukuk, by early 2026.<sup>208</sup>
- The Securities and Exchange Commission of the Philippines issued graft guidelines on sukuk issuance in the country, following announcements last year of sovereign sukuk offerings scheduled for 2025.

**“Many investors are dissatisfied with guaranteed buy-back, low yielding sukuk, benchmarked to interest rates. They are concerned about the credibility of contemporary Islamic finance and its alignment with prophetic economics. They seek participation in the real economy, to profit from real trade via a modern, sophisticated capital markets instrument. Simultaneously, businesses and entrepreneurs are forced to raise working capital either by diluting their equity or taking on onerous interest-bearing debt, neither of which is palatable to them.”**

**HARRIS IRFAN, CEO, CORDOBA CAPITAL  
MARKETS LTD**

This provides benchmark pricing and supports local currency liquidity, catalyzing follow-on corporate/financial sukuk issuance.<sup>209</sup>

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

Islamic funds give investors access to diversified, Shariah-compliant portfolios. In this cycle, asset managers expanded their product offerings, especially in cash management and income-focused strategies. Several developments also point to stronger retail access and a growing range of fund types across different markets.

- In Kenya, the Capital Markets Authority approved the registration of the Ziidi Shariah Money Market Fund

by Gulfcap Investment Bank, bringing the number of licensed firms offering Shariah funds in the country. This may broaden Shariah-compliant investment choices and benchmarks, helping mobilize longer-term savings into diversified asset classes.<sup>210</sup>

- The Malta Financial Services Authority released a fully updated guidance note on Shariah-compliant funds – its first full revision since 2010 – to provide clearer governance and disclosure expectations.<sup>211</sup>
- In Spain, Tamwuil Capital introduced a Shariah-compliant vehicle for trade receivables with an initial capital of EUR25 million (US\$ 28.55 million).<sup>212</sup>
- Oman's Jabal Real Estate Investment Fund has formally converted to Shariah-compliance, following shareholder approval and amendments to its articles of association.<sup>213</sup>
- Zoya launched the Zoyaverse Index (ZOYA100),

described as a non-investable informational index reflecting aggregated and anonymised holdings of Zoya users with connected brokerage accounts.<sup>214</sup>

- Wahed and KraneShares launched KWIN, a Shariah-compliant 'alternative income' ETF designed for investors seeking regular income without conventional interest-based bonds. The structure uses screened equities plus a rules-based options approach to target income while managing downside risk.<sup>215</sup>

## ANGEL, VC, AND PRIVATE EQUITY DEVELOPMENTS

Early-stage and growth capital continued to flow into Islamic fintech, consumer finance, and platform-based business models. These investments support the development of new financial products and services that serve the broader Islamic economy.

- Salaam Gateway reported that newly formed angel syndicate 'Madinah Angels' closed its first investment into REG-1.<sup>216</sup>
- Bank Tabungan Negara (Persero), an Indonesian lender, announced that it plans to acquire Bank Victoria Syariah for IDR1.06 trillion (US\$ 64.77 million), to improve its Islamic banking offerings.<sup>217</sup>

## FINTECH DEVELOPMENTS

Fintech activity in Islamic finance focused on regulated growth this year. Key themes include new licensing frameworks, sandbox approvals, digital bank launches, and clearer rules for digital assets. Fintech development is important for Islamic finance because it can reduce costs, widen access, and connect financial services to other parts of the Islamic economy such as halal trade and e-commerce.

- Saudi fintech Tamara secures US\$ 2.4 billion Shariah-compliant asset-backed facility to support expansion.<sup>218</sup>
- UAE's ruya launches what it described as the world's first Shariah-compliant Bitcoin trading service for Islamic banking customers.<sup>219</sup>
- The Central Bank of Bahrain launched a new regulatory framework for stablecoins, integrating Shariah compliance and investor protection measures, permitting the issuance of single-currency stablecoins.<sup>220</sup>
- Raqami Islamic Digital Bank secured a restricted banking license from the State Bank of Pakistan, under the Licensing and Regulatory Framework for Digital Banks, to commence pilot operations as a digital retail bank.<sup>221</sup>
- In the GCC, the Saudi Central Bank granted STC bank an official license to operate as a digital bank. The fully Shariah compliant neobank earlier received approval for a beta launch in April 2024.<sup>222</sup>
- Bank Negara Malaysia released a discussion paper on asset tokenization, seeking feedback on proposals

affecting both Islamic and conventional financial institutions.<sup>223</sup>

- The Central Bank of the UAE published updates on the Digital Dirham program, outlining design choices and policy considerations as it works toward issuance.<sup>224</sup>
- Labuan's i-BOX sandbox program continued to attract Islamic digital bank proposals, including Fasset's conditional approval to take part in the sandbox and progress toward an Islamic digital bank model.<sup>225</sup>
- Fasset, in this sandbox, creates a "regulated middle" by using stablecoin rails (on Ethereum Layer 2) to offer asset-backed savings and payments.<sup>226</sup>

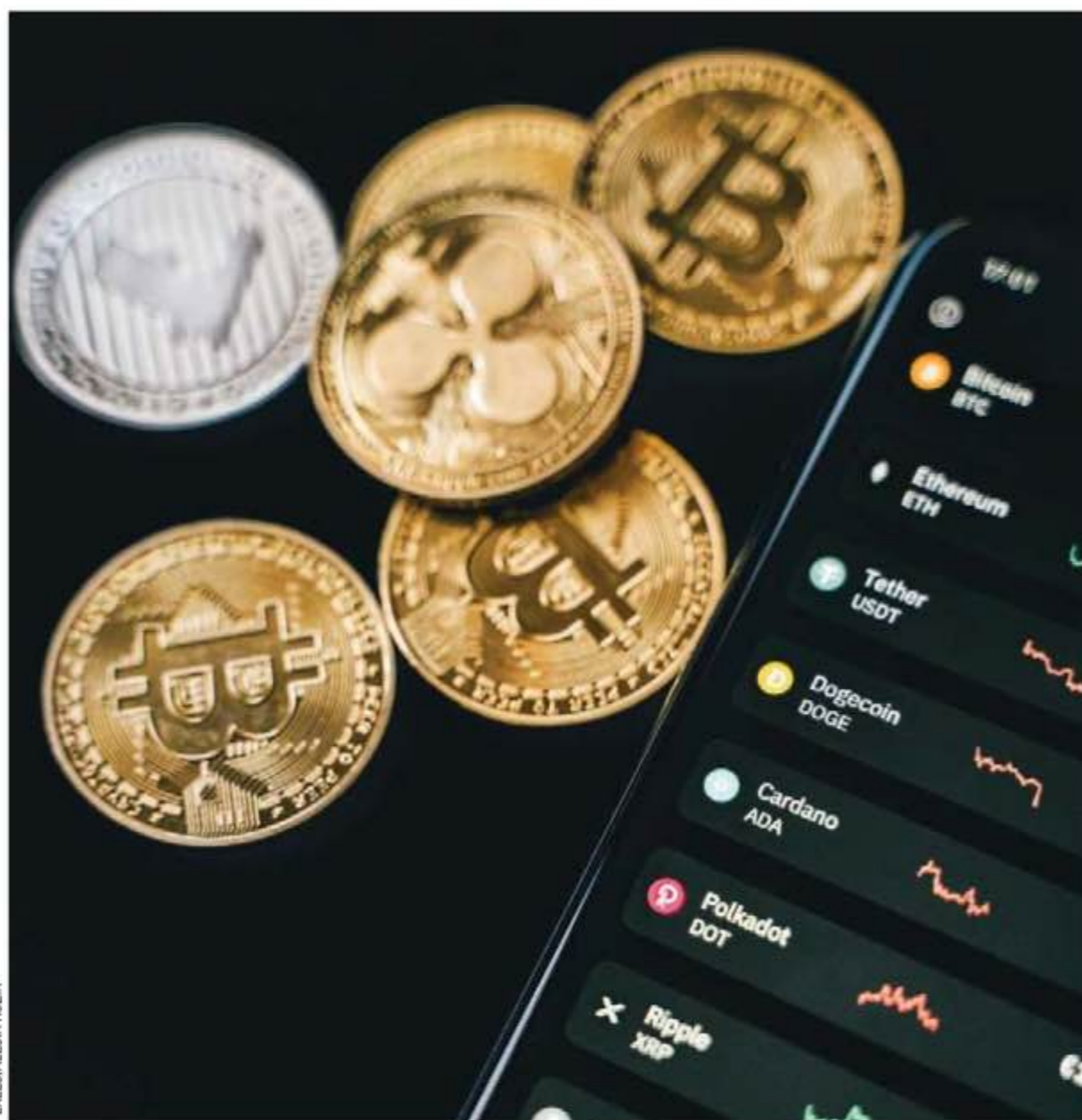
## TAKAFUL DEVELOPMENTS

Takaful (Islamic insurance) is a smaller but growing part of the Islamic finance industry. It provides Shariah-compliant risk protection for individuals and businesses. Takaful supports the wider Islamic economy by helping households manage health and accident risks, enabling businesses to insure trade and operations, and providing pension and savings products. In this cycle, takaful activity expanded through new products, cross-border acquisitions, and enabling regulation. Several developments linked takaful to pensions, health coverage, and mass-market digital distribution.

- The Somali Parliament passed the Takaful Bill, the country's first regulated framework for Shariah-compliant insurance in the country.<sup>227</sup>
- In Kenya, the Competition Authority approved the 65% acquisition of Takaful Insurance of Africa's issued share capital by Tamini Insurance, a company from Djibouti.<sup>228</sup>
- Takadao raised a US\$ 1.5 million seed round to support product development and market expansion, reflecting ongoing interest in insurtech models (including takaful-aligned propositions) in the region.<sup>229</sup>
- Pak-Qatar Family Takaful became the first Takaful

**“Fasset’s approach has been to expand access to Shariah-aligned investments through regulated digital infrastructure that preserves asset backing, transparency, and governance. The objective is not to create new financial forms, but to modernize access to permissible economic activity for a broader, mobile-first population across Muslim-majority and emerging markets.”**

**MOHAMMAD RAAFI HOSSAIN, CO-FOUNDER & CEO, FASSET**



PEXELS/ALESIA KOZIK

operator in Pakistan to be appointed as a pension fund manager.<sup>230</sup>

- In the Philippines, Etiqa officially rolled out its first Takaful product: a personal accident plan.<sup>231</sup>
- Brunei's Takaful Brunei launched a digital platform to facilitate access to medical Takaful in line with new labor regulations.<sup>232</sup>

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

Islamic social finance, including waqf, zakat, and microfinance, is moving from informal charity to structured programs with clearer governance and delivery models. These tools connect Islamic finance to social development goals and can mobilise resources that sit outside the formal banking system.

- The IsDB Institute conducted a technical mission with Algeria's Ministry of Finance to modernize the waqf and zakat sectors under the new law.<sup>233</sup>
- The International Organization for Migration (Geneva) launched the Islamic Philanthropy Fund in 2025, institutionalizing zakat-aligned Islamic social finance within UN humanitarian and migration programs through a partner-led deployment model.<sup>234</sup>
- Pakistan SECP issues concept paper proposing modern adaptations of waqf, including enabling waqf in corporate structures, improving governance, and exploring Islamic finance for poverty alleviation.<sup>235</sup>
- SECP also announced a proposed amendment to the Companies Act, 2017 to introduce a new frame-

**“To achieve global scale without compromising the Amanah (trust) and for scaling up Islamic social finance, the industry should adopt the ‘Tri-Sector Accountability Model’. This model mandates the absolute segregation of funds to create an immutable audit trail, ensuring that Zakat and Waqf capital remains legally and operationally distinct from an institution’s balance sheet. Then, coupling this with ‘Impact Auditing’—where Shariah scholars and third-party ESG auditors verify that charitable intent is preserved.”**

PROF. DATIN DR. RUSNI HASSAN, IIBF,  
INTERNATIONAL ISLAMIC UNIVERSITY  
MALAYSIA (IIUM)



work (proposed Section 42A) enabling licensing and regulation of Waqf Management Companies as not-for-profit entities.<sup>236</sup>

- Indonesia plans to form Islamic asset agency to integrate management of waqf, zakat and Hajj assets. Antara reported that Indonesia's leadership discussed integrating management of Islamic community assets, bringing together key institutions (e.g., zakat, waqf, Hajj fund bodies).<sup>237</sup>

## INNOVATION DEVELOPMENTS

Innovation in Islamic finance is shifting from one-off pilot projects to market-ready structures and rules that can be repeated and scaled. These innovations often connect Islamic finance to other sectors, such as real estate and trade, by creating new ways to structure compliant investment products.

- A Saudi government-led initiative announced national-scale real estate tokenization infrastructure under regulatory supervision, aiming to digitize titles and enable fractional ownership. This creates foundational rails for compliant fractional real estate investing and could unlock new Shariah-compliant asset tokenization products.<sup>238</sup>
- Cordoba Capital Markets received regulatory approval in Jersey (Channel Islands) for a Shariah-compliant US-dollar notes issuance program designed around profit participation, aiming to support working-capital financing with a clearer risk-sharing profile.<sup>239</sup>
- Arqaam Capital and the IILM tried to solve a fundamental analytical problem with the introduction of the Shariah-aligned “Adjusted Sharpe Ratio”.<sup>240</sup> Islamic fund managers have historically used interest-based benchmarks (like US Treasuries) as proxies for the “risk-free rate” in performance calculations, creating a Shariah disconnect. The new metric uses the IILM's short-term sukuk yields (IILM 1-month rate) as the benchmark.

## REGULATORY AND INSTITUTIONAL DEVELOPMENTS

Regulators and standard-setters focused on strengthening Shariah governance, improving sukuk market rules, and setting clearer supervision for new products. Strong regulatory and institutional frameworks are essential for the long-term growth of Islamic finance and its ability to serve the wider Islamic economy.

- AAOIFI postpones rollout of Shariah Standard 62 amid market concerns, which would require sukuk issuers to transfer ownership of underlying assets to investors. This could potentially preserve near-term sukuk issuance momentum; however continued uncertainty keeps legal-structuring and rating considerations at risk.<sup>241</sup>

**“Profit Participating Notes (PPNs) have averaged around 16% p.a yield over the first two years. US\$ 45 million of listed PPNs have been issued across 10 deals since the investment platform gained consent from the Jersey Financial Services Commission. We now plan to double issuance year on year.**

**“Profit Participating Notes (PPNs) are a pioneering form of sukuk in the market that substantially meet the originally proposed AAOIFI Standard no. 62. We have seen growing interest from both investors and companies in the flexibility and attractiveness of PPNs: each deal to date has been oversubscribed, with clear evidence that investors seek an alternative to contemporary sukuk.”**

HARRIS IRFAN, CEO, CORDOBA CAPITAL  
MARKETS LTD

- Bangladesh Bank (Central Bank) released a new Shariah governance circular for Islamic banks, effective January 2026. This signals continued regulatory institutionalization of Islamic finance, enabling broader product rollout and market entry.<sup>242</sup>
- Saudi Arabia's Capital Market Authority (CMA) approved regulatory changes to strengthen the sukuk and debt instruments market, including enabling debt instruments to be offered via securities crowdfunding platforms by licensed arrangers.<sup>243</sup>
- The Philippines consulted on draft sukuk rules, signaling a step toward clearer issuance requirements and investor protections for domestic and cross-border sukuk activity.<sup>244</sup>
- Syria's new authorities have signaled a desire to reconnect to global payments networks (including a return to SWIFT) and have discussed Islamic “sukuk certificates” as a way to mobilize reconstruction funding.<sup>245</sup>
- Future of Finance Summit in Istanbul, Türkiye highlighted “participation finance” opportunities linked to the Istanbul Financial Center, with senior regulators and market leaders participating. Useful “ecosystem signal” showing policy/industry push to position Istanbul as a participation-finance hub.<sup>246</sup>
- The Central Bank of Iraq has launched a multi-year modernization program for the banking sector that explicitly includes Islamic banks, which can support broader Shariah-compliant savings and investment products over time.<sup>247</sup>

# AAOIFI Shariah Standard 62: A Hexagonal Fiqhi-Market Synthesis

**THE GLOBAL SUKUK MARKET** has undergone significant structural evolution since its modern inception, adapting to investor appetites, regulatory frameworks, and market dynamics while navigating persistent tensions between Shariah authenticity and financial functionality and adapting to the changing needs and dynamics of the global financial market and stakeholder appetites. The following evolutionary depiction, adapted from Yagci, Izhar, and Turkhan Ali (2025), traces this trajectory:

AAOIFI Shariah Standard 62 (SS62) represents a pivotal development in the evolution of the global sukuk market. At its core, the standard seeks to address a long-standing structural imbalance—namely, the pre-

dominance of asset-based sukuk structures that grant investors only beneficial ownership rather than the asset-backed arrangements grounded in genuine ownership and effective risk transfer. While this corrective shift is firmly anchored in classical Shariah principles, its implications for contemporary financial markets are significant and potentially far-reaching.

By requiring substantive ownership and the assumption of risk, SS62 realigns sukuk structures with foundational Shariah maxims such as al-ghunm bi al-ghurm and al-kharāj bi al-damān. The standard also carries important implications for tradability, placing greater emphasis on the actual composition and nature of underlying asset

A HEXAGONAL FIQHI APPRAISAL OF AAOIFI SHARIAH STANDARD 62



SOURCE: IZHAR, TURKHAN ALI, REHMAN. 2026

## THE EVOLVING MODELS OF SUKUK

NO	MODEL	DESCRIPTION	KEY FEATURES
1	Asset-backed Sukuk	The investors enjoy asset-backing, they benefit over some form of security or lien over the assets, and are therefore in a preferential position over other, unsecured creditors.	<ul style="list-style-type: none"> <li>Sukuk holders have direct recourse to assets</li> <li>Legal ownership</li> </ul>
2	Asset-based Sukuk	Sukuk holders will not have any security interest over the assets. The asset-based Sukuk are treated as senior unsecured securities similar to unsecured conventional bonds	<ul style="list-style-type: none"> <li>Sukuk holders don't have direct recourse to assets</li> <li>Beneficial ownership</li> <li>True sale is absent</li> <li>Application of wa'ad &amp; double wa'ad</li> </ul>
3	Blended-Asset Sukuk	<ul style="list-style-type: none"> <li>Model #2</li> <li>The underlying assets consist of a mixture of tangible assets and debt/receivables</li> </ul>	<ul style="list-style-type: none"> <li>Operationalization of khuliah principle</li> <li>Majority portion of tangible assets to be at least 51%</li> </ul>
4	Asset-light Sukuk	Şukūk structure where the proceeds are allocated to a mix of Shariah-compliant green and social projects	<ul style="list-style-type: none"> <li>Tangible assets &lt; 30%</li> </ul>
5	ESG & Sustainability Sukuk	Sukuk structure where the proceeds are allocated to a mix of Shariah-compliant green and social projects	<ul style="list-style-type: none"> <li>Redirecting the proceeds to 'green', 'blue' and social projects</li> <li>Bundling up Sukuk with Social finance instrument such as waqf</li> </ul>
6	Post AAOIFI Shariah Standard 62	Reverting to Asset-backed Sukuk?	Remains to be seen

SOURCE: IZHAR, TURKHAN ALI, REHMAN. 2026

pools rather than relying solely on numerical thresholds or ratios. In doing so, it reinforces the legitimacy of jurisprudential approaches where ownership and risk-bearing are genuine and substantive.

In response to these developments, the Islamic Development Bank Institute has conceptualized two complementary institutional mechanisms: the Şukūk Development Finance Corporation (DFC) and the Şukūk Enhancement Fund (SEF). The DFC is designed to issue asset-backed sukuk to finance development projects while avoiding the need for governments to transfer strategic public assets. The SEF, in turn, functions as a mutual risk-sharing platform among issuers, strengthening credit quality and improving pricing without reliance on external guarantees.

Together, these mechanisms provide a practical pathway for the gradual transition toward SS62-compliant sukuk structures. While the DFC facilitates the large-scale issuance of asset-backed sukuk for sovereign and development financing, the SEF mitigates systemic risk and expands access to authentic sukuk for smaller issuers, including SMEs. Collectively, they offer scalable institutional solutions capable of supporting the implementation of AAOIFI SS62 while minimizing disruption to existing market dynamics.



Dr. Hylmun Izhar  
Senior Economist



Dr. Turkhan Ali Abdul Manap  
Senior Economist



Yahya Rehman  
Associate Manager



# SIGNALS OF OPPORTUNITIES

IMPACT: + Low + Moderate \* High MATURITY: ● Early ●● Intermediate ●●● Mature

1

**Equity-based, risk-sharing “challengers” start to scale—offering halal income alternatives tied to the real economy.**

Cordoba launched Shariah-compliant trade finance notes, while Wahed and KraneShares introduced the KWIN alternative income ETF, both offering investable, interest-free products tied to real economic activity for transparent, ethical returns.

IMPACT: \* MATURITY: ●●

2

**Digital Dirham and regulated stablecoins start to look like the next “payment rails” for Islamic finance.**

The UAE’s Digital Dirham advances CBDC for retail payments and smart contracts, while regulators approve stablecoin-Islamic banking models like Fasset’s, enabling faster, cheaper, and secure product distribution with consumer protection.

IMPACT: \* MATURITY: ●●

3

**Tokenization shifts from small pilots to regulated, national programs—starting with property.**

Saudi Arabia’s Real Estate Tokenization Initiative enables fractional ownership and trading on licensed platforms, reducing investment barriers for Islamic investors with required transparency, clear disclosures, custody, and dispute resolution.

IMPACT: \* MATURITY: ●●

4

**Sub-sovereign sukuk emerge as a practical tool to fund local infrastructure.**

Zanzibar launched a sukuk program framework up to TZS 1.115 trillion for infrastructure projects, while Nigeria’s Kano state plans similar issuance. Reusable documentation can speed future deals, reducing reliance on central budgets. Success depends on ecosystem improvements and whether local or regional investors, including GCC capital, engage in sub-sovereign risk.

IMPACT: + MATURITY: ●●

5

**East Africa expands Shariah-compliant savings options—from mobile MMFs to local sukuk.**

Kenya approved the Ziidi Shariah Money Market Fund for M-PESA users, expanding Shariah-compliant options. East Africa sees improved sukuk activity, Tanzania’s CRDB sukuk, Uganda’s first Islamic bank, and Somalia’s Takaful law. This broadens Shariah product offerings, fostering financial inclusion and regional regulatory alignment.

IMPACT: \* MATURITY: ●●

# Strategic Considerations by Stakeholders

As the Islamic finance industry matures, all stakeholders need to shift their focus from rapid growth to building systems that are stable, well-governed, and connected to the real economy. The next phase of growth will depend on how investors, governments, and businesses adapt to digitalization, regulatory change, and rising demand for ethical finance. Each stakeholder group has opportunities to expand access and innovation while strengthening governance, transparency, and consumer protection.

## INVESTORS

### OPPORTUNITIES

**1** Halal income and real-asset investing becomes easier to access.

As more listed and app-based products come to market, investors can build Shariah-aligned portfolios with smaller minimums and clearer pricing—beyond bank deposits and direct property ownership.<sup>248</sup>

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Listed halal income products are expanding (e.g., a Shariah-compliant alternative income ETF i.e., Wahed UCITS).<sup>249</sup>
- Risk sharing alternatives such as profit-participation notes are being positioned for broader investor

access.<sup>250</sup>

- Real estate tokenization is moving toward production-scale market infrastructure in the GCC.<sup>251</sup>

#### POTENTIAL OUTCOMES BY 2036:

- More diversified halal income options for households and institutions, including regular-income products.
- Higher cross-border allocation into new markets where investor protection and dispute handling are credible.
- Greater demand for consistent reporting and independent oversight as product choice increases.

*The concept of PPNs solves a multi-trillion-dollar gap in global supply/demand for interest-free, ethical, risk-sharing finance. We have practically demonstrated that such an instrument can be commercially successful.*

HARRIS IRFAN, CEO, CORDOBA CAPITAL MARKETS LTD

### CHALLENGES

**1** Transparency and investor protection must keep pace with innovation.

If product structures, rights, fees, and complaints handling are not easy to understand, mis-selling or governance failures can reduce appetite across the market.

#### RISK:

- A high-profile mis-selling, cyber breach, or governance incident in tokenized assets or stablecoin banking could trigger restrictive regulation and slow adoption.

*As we lower entry barriers for retail investors, we must mandate a 'Shariah Risk-Return Matrix'. This standardized disclosure must explicitly decouple 'Shariah compliance' from 'capital safety'. Regulators must also enforce Digital Suitability Audits... ensuring that AI-driven distribution does not encourage Gharar (excessive uncertainty) or predatory churning. There must be a non-negotiable requirement for digital distribution platforms to undergo independent Shariah audits specifically targeting their algorithm-based 'suitability' filters.*

PROF. DATIN DR. RUSNI HASSAN, IIBF, INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA (IIUM)



## GOVERNMENTS

### OPPORTUNITIES

#### 1 Modernize retail payments and inclusion with regulated digital money (without losing control).

Clear rules for CBDCs and regulated stablecoins, alongside digital onboarding, can lower friction for retail participation in halal savings, sukuk and social-finance flows—while keeping strong checks on misuse.<sup>252</sup>

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- The UAE's Digital Dirham work sets out a two-tier model and discusses using limits to manage risks.<sup>253</sup>

##### POTENTIAL OUTCOMES BY 2036:

- More stable local-currency funding options and benchmarks, reducing reliance on foreign-currency borrowing.

#### 2 Municipal and sub-sovereign sukuk can widen the infrastructure funding toolkit.

Repeatable documentation and credible credit support can help fund roads, utilities, housing, and services without relying only on central budgets—if disclosure and governance are strong.<sup>254</sup>

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Zanzibar has published program documentation for a sukuk issuance.<sup>255</sup>

- East African regulators are approving more Shariah savings products, supporting deeper local markets.<sup>256</sup>

##### POTENTIAL OUTCOMES BY 2036:

- If municipalities continue to issue, they will be able to develop a sub-sovereign yield curve and locality credit scores.

### CHALLENGES

#### 1 Poor design can create backlash and slow adoption.

If digital rails are launched without clear consumer safeguards, operational resilience, and phased limits, a single incident (fraud, outage, or weak oversight) can trigger restrictive rules and stall progress.

##### RISK:

- If digital money is rolled out too fast or without sensible caps, it can destabilize trust and trigger a regulatory backlash.

*To integrate CBDCs and stablecoins into Islamic finance, governance must be built on 'Real-Time Shariah Verification'. From day one, two safeguards are vital. First, asset-Backing Transparency: Stablecoins must use decentralized, real-time 'Proof of Reserve' to ensure the one to one (1:1) backing by Shariah-compliant liquid assets. Second, liquidity Buffer Frameworks: To manage bank funding risks, CBDCs must be programmed with 'smart contract' constraints that prevent sudden, destabilizing 'digital bank runs.'*

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## BUSINESSES

### OPPORTUNITIES

#### 1 Providers can offer "simple halal" accounts, savings and payments that feel like mainstream fintech.

Regulated digital rails can cut onboarding and settlement friction, enabling everyday products (spend, save, invest) to be offered in compliant formats—especially for mass-market consumers.<sup>250</sup>

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Regulators are testing new digital-bank models under controlled frameworks (e.g., Labuan's iBOX conditional approvals).<sup>251</sup>

- Stablecoin-powered Islamic digital-bank propositions are being licensed/structured in leading hubs.<sup>252</sup>

##### POTENTIAL OUTCOMES BY 2036:

- More competition on user experience and pricing in halal savings and investment products.

#### 2 New service layers will be needed around issuance, custody, reporting, and customer support.

As tokenized real assets, retail sukuk, and asset-backed income products grow, there is demand for trusted operators that can package products clearly, manage risks, and provide strong customer protection.<sup>257</sup>

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Market infrastructure for real-asset tokenization is being built in the GCC.<sup>258</sup>

##### POTENTIAL OUTCOMES BY 2036:

- New B2B opportunities for technology, compliance and servicing firms that support Islamic finance distribution.
- Selective expansion into re-opening frontier markets where banking links improve (e.g., Syria and Iraq), with careful risk controls.<sup>259</sup>

*In 2026, as we start to move closer to the markets that are at the heart of our mission, we want to push a different form of banking to the world - one that starts with an asset base instead of a debt trap.*

MOHAMMAD RAAFI HOSSAIN, CO-FOUNDER & CEO, FASSET

### CHALLENGES

#### 1 Trust is the product—governance failures can damage the whole market.

Fast growth without strong governance, clear disclosures and customer safeguards can create reputational shocks that set the sector back. Winning firms will invest early in transparency, security and complaints handling.

##### RISK:

- A high-profile incident in tokenized assets or stable-coin banking could undermine consumer trust and prompt restrictive regulation, delaying adoption for years.

# GDP-linked Sukuk: A Tool for Economic Growth and Stability

## INTRODUCTION

The alarming rise in global public debt demands innovative, long-term financing solutions. For the Global South, the "Looming Debt Crisis" highlights the need for transformative approaches beyond temporary relief. Among these, GDP-linked bonds are emerging as a promising pathway for sustainable development financing.

First proposed in the 1980s and gaining renewed support after successive debt crises, GDP-linked debt aligns repayment with economic performance. Supported by leading economists and the IMF, this model offers a sustainable way to manage debt and promote sustainable growth.

Islamic finance principles, rooted in risk-sharing, make GDP-linked Sukuk a natural fit for development finance. By tying obligations to GDP, these Sukuk provide equitable and resilient solutions that align with Islamic ethics.

This article explores the potential value of this model and the role of blockchain technology in supporting implementation. Blockchain ensures secure and transparent tracking of economic data, while smart contracts enhance the efficiency of execution.

## STRUCTURE

The coupon and principal in GDP-linked bonds rise and fall in proportion to the issuing country's nominal GDP. Robert Shiller has called these instruments "GDP shares" as they allow governments to raise funds while linking repayments to the resources of the economy. In this model, sovereign obligations adjust in line with economic performance.

Shiller has argued that replacing part of conventional national debt with claims linked to economic output could help governments better manage financial obligations, reduce the risk of future crises, and potentially lower borrowing costs over time.

Interest in the indexing of debt servicing to GDP first emerged in the 1980s and received fresh support after frequent debt crises. The idea was supported by several distinguished economists, including Joseph Stiglitz and has also received favorable consideration from the IMF.

## FEATURES

In their Foreword to the book *Sovereign GDP-Linked Bonds: Rationale and Design* (2018), Andy Haldane of the Bank of England and Maurice Obstfeld of the IMF, note



the following appealing features of GDP-linked bonds:

- They can provide the issuing government with debt relief when growth weakens and tax receipts decline.
- Investors gain a route out of being locked into low-interest rates through exposure to the real economy while the debt-stabilizing effects of issuance mean default risks become more remote.
- They also allow risk to be shared across borders more efficiently, ultimately reducing the need for sovereign bailouts and limiting moral hazard.

The "automatic stabilizer" role of GDP-linked instruments reduces the need to resort to procyclical policies. When economic growth slows, GDP indexation can ease debt pressures, lower the probability of default, and help reduce financial distress and rising unemployment.

In periods of low GDP growth, the GDP-linked instruments can reduce debt-servicing costs and reduce the need for more borrowing or taxes. This would help to smooth the tax rate and reduce uncertainty for consumption and investment. Conversely, higher payments during stronger GDP growth may discourage governmental overspending. As a result, sovereigns may gain greater short-term budget flexibility while maintaining long-term solvency and resilience to financial turmoil.

A key element for the success of GDP-linked bonds, Griffith-Jones remarks is to identify the proper set of investors interested in this kind of bond. Given their equity-like features, they may appeal to equity investors as well as those interested in hybrid instruments. Moreover, since GDP-linked bonds are directly linked to the overall economy, they have elements of Development Impact Bonds.

Arshadur Rahman of the Bank of England suggests issuing GDP-linked Sukuk. To the extent that GDP is correlated with government income, then the GDP-linked Sukuk will represent a form of partnership between the

government and investors. From a Shari'ah perspective, this structure potentially emulates musharakah arrangements.

## BLOCKCHAIN NETWORKS

A serious challenge for GDP-linked instruments is the reliability of the data on which investors' returns depend. Conventional economic statistics rely on samples intended to represent the entire economy, but these may create inaccuracies requiring revision in subsequent releases. In addition, given the centralized nature of the process, data are exposed to the risks of manipulation and interference. These challenges limit the appeal of GDP-linked instruments to investors.

Issuing GDP-linked papers requires establishing an effective system for collecting verifiable and consistent data. Blockchain technology can be very helpful in this regard. This can be done as follows:

1. A group of blockchain networks of consumers, producers, wholesalers, and retailers, among others, can be established with the verifiable identities of each member of each network. Each network would be dedicated to a particular sector of the economy.
2. Data from sector-specific networks can be aggregated into a national blockchain network, providing a comprehensive and real-time estimate of GDP.
3. This unified approach ensures consistency and avoids duplication or gaps in data collection.
4. Members of each network could report:
  - Current price of a pre-identified set of goods and services within their respective sectors.
  - Expected prices over defined future periods.
5. Reported data are verified by members following blockchain verification and consensus algorithms. The IsDB Institute developed the patented "Proof of Use" algorithm as a more economically sustainable alternative to Proof of Work.
6. Members could be rewarded tokens issued by the networks' sponsors such as the central banks or relevant authorities.

This process would help ensure that the collected data are transparent, observable, easy to compute, and non-manipulative. Since the technology requires only an internet connection and smartphones, the data collection process requires minimal upfront costs.

The Blockchain network can be used to collect various kinds of data including indicators related to financial inclusion and broader development outcomes.

Digital GDP-linked Sukuk could be issued and distributed through the Blockchain network. These Digital Sukuks would represent a tokenized form of the Sukuk certificates and their underlying contractual terms.

Smart contracts can be used to link the periodic Sukuk payments with the data collection network. Using blockchain on both sides, data collection and Sukuk issuance are likely to make the entire process seamless,

transparent, and efficient. This allows the Sukuk to be accessible to a wider range of investors, particularly retail investors.

## ISSUES AND CHALLENGES

While the Digital GDP-linked Sukuk might be conceptually appealing, there are many issues that need to be addressed before implementation. For example:

- Managing the blockchain networks would be demanding and may involve some centralized control. Although the risks of manipulation are much lower than the centralized approach, some risks remain.
- Developing countries, which stand to benefit most from GDP-linked Sukuk, may face challenges in implementing and maintaining blockchain networks due to limited infrastructure and technical expertise.
- Ensuring that all economic actors, including those in remote or underserved areas, can participate in the blockchain network will require extensive outreach and capacity building.
- GDP-linked Sukuk are suitable for most middle-income countries with promising growth prospects.
- Very-low-income countries could issue sector-specific Sukuk tied to growth in sectors such as agriculture, mining, or oil & gas.
- Although the GDP-linked Sukuk of a single country may carry higher risk, a diversified portfolio of such instruments could reduce risks.

## CONCLUSION

Islamic finance is, at its core, a risk-sharing system with the capacity to absorb and manage various economic risks. This will not make the economy risk-free, but it will make these risks manageable and self-stabilizing. However, when debt becomes excessive, these risks can become destabilizing.

GDP-linked Sukuk offers an innovative approach to sustainable financing by aligning debt obligations with a country's economic performance. This instrument can help curb excessive debt accumulation while promoting a more stable and inclusive growth, reflecting the risk-sharing principles of Islamic finance.




Dr. Sami Al Suwailem  
Acting Director General, IsDBI

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# Global Islamic finance assets projected to reach US\$9.7 trillion by 2029

**EVEN AS THE ISLAMIC FINANCE** industry prepares to celebrate its 50-year anniversary— dating its inception from the founding of Dubai Islamic Bank in 1975 – it shows no sign of slowing with age. Quite the opposite. The industry has expanded its presence exponentially into 140 countries as of 2024 and was valued at US\$5.98 trillion, having grown a remarkable 21% since just the year before.

Another milestone year for Islamic finance driven by ethical appeal and market diversification

The industry recorded its first US\$1 trillion in global assets in 2010 and its second in 2014. If growth continues at current levels, a figure of US\$9.7 trillion is forecast by 2029. Key trends that will shape this growth include cross-border connectivity, regulatory improvements, and strategic initiatives by governments.

Muslim-majority countries in the Middle East and Southeast Asia continue to dominate the industry, although developments and growth in other markets continue, in large part as a result of the intrinsically ethical nature Shariah finance. One such market is the United Kingdom (UK), which is now a key hub for listings of green and sustainable sukuk.

Other areas of Islamic finance that are increasingly appealing to non-Muslim customers and markets are home financing and exchange traded funds. Meanwhile, the Philippines launched its Islamic Finance Roadmap 2024–2028 in December 2024. As of 2024, 84 non-OIC countries have either expressed interest in or are actively operating within the Islamic finance space.

## IFDI PERFORMANCE: TOP RANKERS HOLD GROUND AS NEW ENTRANTS AND TRENDS RESHAPE INDUSTRY'S LANDSCAPE

The top 10 countries held onto their positions in the IFDI rankings, led by Malaysia, Saudi Arabia, and the United Arab Emirates (UAE). Malaysia and the UAE placed within the top five for each of the IFDI's five indicators. Several countries showed significant improvements, including Palestine and Djibouti. Four new countries were added in the 2025 indicator – South Sudan, Jamaica, Kosovo and Lesotho.

One country of many which is looking to expand its presence within the industry is Ethiopia, where the Ethiopian Capital Market Authority (ECMA) has commissioned an Islamic Capital Market Roadmap study in partnership with key stakeholders.

# LSEG

In its main markets, Islamic finance is now in a position to compete with its conventional counterparts. Islamic banks and takaful operators are offering competitive pricing and services, and Islamic banking in particular is seeing an increased level of consolidation in the most mature markets. Another key trend is innovation, which by maintaining compliance with Shariah principles has enabled Islamic finance to adapt to a changing market. This is particularly noticeable within fintech and sustainable finance.

## FINANCIAL PERFORMANCE: SECTORAL EXPANSION DESPITE CHALLENGES; SUKUK HITS US\$ 1 TRILLION MARK

The Financial Performance indicator, which aggregates the industry's core sectors and asset classes, was stable at the top, with the five leading markets remaining in position. There were changes lower down the ladder, however, with Bangladesh dropping out of the top 10 following a downturn in its Islamic banking sector in 2024. Depositors withdrew funds from several full-fledged Islamic banks following allegations of irregularities and weak governance.

This also points to one of the Islamic finance industry's biggest challenges, liquidity management. Islamic banks, unlike their conventional counterparts, operate under constraints that can limit their access to high-quality liquid assets and standardised liquidity tools. However, there are strides in addressing this issue, including International Islamic Liquidity Management Corporation (IILM)'s growing short-term sukuk programme.

By sector, Islamic banking continues to dominate the overall industry, with 72% of total industry assets. There is particularly strong growth in Islamic banking in sub-Saharan Africa, where there are now 104 Islamic banks and banking windows scattered across 28 countries. This has been encouraged by the region's central banks. Uganda, for example, is now home to two Islamic banks,

while the Central Bank of Eswatini has said it will look to attract more Islamic banks to the country.

Takaful is another expanding area of the Islamic finance industry. Islamic insurance operators are now present in 53 countries, and new markets are continually joining. Uganda is one such, where the country's insurance regulator has begun offering workshops for potential stakeholders and last year issued a set of takaful guidelines. Kyrgyzstan has also issued draft guidelines, while the first takaful product was introduced in the Philippines in 2024.

The global sukuk market reached the US\$1 trillion mark in 2024, even in the face of a slowing rate-cutting cycle in major economies, geopolitical tensions and economic uncertainty. Global issuance rose 11% from the year before to US\$254.3 billion, due largely to activity in the GCC, particularly Saudi Arabia. Governments remained the dominant issuers as fiscal deficits and refinancing needs prompted sovereigns to tap capital markets.

## ISLAMIC FINANCE ECOSYSTEM: STRONG GOVERNANCE, RISING AWARENESS, AND SUSTAINABILITY MOMENTUM SHAPE ISLAMIC FINANCE PROGRESS

Governance was the highest-performing indicator, due largely to its Regulations sub-indicator as various jurisdictions moved to strengthen their regulatory regimes. The leading five countries remained unchanged in Governance's key metrics of Regulations, Shariah Governance, and Financial Disclosure, as scores in this indicator vary little from one year to the next. Outside of these top five, however, there were some notable improvements. Türkiye raised its disclosure score, and a rise in the number of Islamic financial institutions saw a concomitant rise in the number of Shariah scholars. Egypt and Uganda also raised their standings due to improvements in their regulatory frameworks.

There are countries that are currently working towards improving their Islamic finance regulatory and Shariah governance landscapes or managed to improve so far in 2025 such as Iraq, Malta, Somalia, Kenya, Sri Lanka, Pakistan and Algeria.

Growth in Islamic finance is also largely dependent on knowledge and awareness of the industry's benefits and how it works. The top performing countries in the IFDI's Knowledge and Awareness indicators include the industry's most prominent centres: Malaysia, Saudi Arabia and the UAE. Indonesia leads in Knowledge, however, due to wide public participation in the country's retail sukuk market. Pakistan, Kuwait and Bahrain are among the leading countries in terms of Awareness, while Azerbaijan has improved noticeably in this area following Baku's hosting of COP29. Meanwhile, the Maldives and Hong Kong are prioritising Islamic finance talent development as seen in their initiatives.

Sustainability is an increasingly important area of the Islamic finance industry. However, the IFDI's Sustainability

indicator had the lowest coverage, with 60% of countries surveyed scoring zero. The top five countries in this indicator remained the same from the year before. The most notable improvement outside the top five was shown by Türkiye, a result of improved sustainability reporting and greater disbursement of CSR-related funds. This moved the country up into ninth place.

When inspecting the sustainability metrics, the ESG sukuk market surpassed \$50 billion in outstanding value by the end of 2024, with global issuances up 14.7% on year, though growth moderated from 2023. ESG sukuk issued by GCC-based institutions has been the main driver of growth, bolstered by new markets such as Qatar and Kuwait, as more GCC corporates came to market following COP28 in Dubai. Another indicator of growing importance of sustainability is Malaysian banks are driving growth in sustainable Islamic financing, supporting a range of sectors from renewable energy and green buildings to data infrastructure, SME development and low-carbon transport.

To download the full Islamic Finance Development Report – IFDI 2025, please click here <https://lseg.group/IFDI2025>

To learn more about IFDI App information, please visit LSEG website <https://lseg.group/IFDI-app>



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

CHAPTER

CHAPTER



PEXELS/NEGATI ÖNER KAPPUZÖĞÜ

# Muslim-Friendly Travel



UNSPLASH/TIMUR KOZMENKO

# MUSLIM-FRIENDLY TRAVEL

ALL FIGURES IN US\$ BILLION, UNLESS STATED OTHERWISE

## CONSUMER POWER

Represented by **\$249 billion of consumer spending by 2 billion Muslims** on Muslim-friendly travel (2024). YOY growth 2023-24 of 14.9%, reaching **\$424 billion by 2029** (11.2% CAGR).



## TOP 5 MUSLIM-FRIENDLY TRAVEL CONSUMER MARKETS



## TRADE CORRIDORS

### TOP 5 MUSLIM-FRIENDLY TRAVEL DESTINATION COUNTRIES (INBOUND EST.)



\*All estimates by DinarStandard. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2021 consumer data as baseline reference. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from Jan 2025 to Dec 2025. SEE APPENDIX FOR DETAILED METHODOLOGY. OIC: Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.

## INVESTMENT BUILDERS

● = 1 deal

Mega-projects, pilgrimage infrastructure, and sovereign capital are deepening the economic footprint.

### \$4 billion

Disclosed value for all 49 deals in 2025.



### TOP COUNTRIES BY TOTAL DEAL VALUE AND NUMBER OF DEALS

US\$ MILLION (2025)

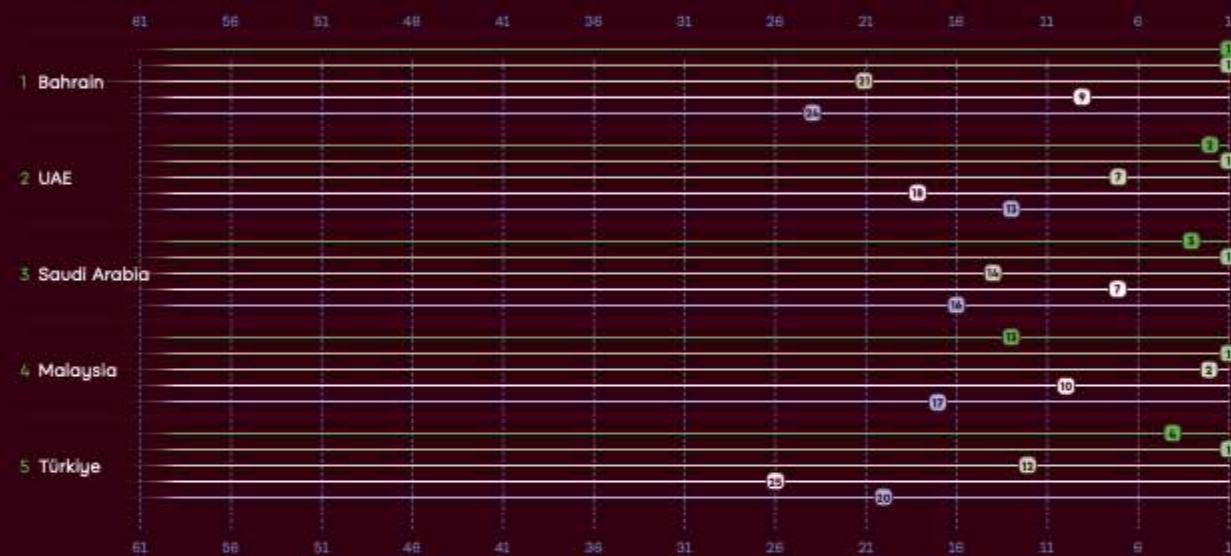


## SOVEREIGN INDEX

Financial Governance Awareness Social Innovation

### MUSLIM-FRIENDLY TRAVEL – GLOBAL ISLAMIC ECONOMY INDICATOR (GIE) RANKING (2025)

(SEE CHAPTER 4 FOR DETAILS)



## KEY DEVELOPMENTS

Gulf mega-projects and Umrah digitization are rewriting what Muslim-friendly travel means at scale.

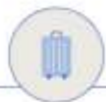
1 INVESTMENT	UAE pledges US\$6B Africa tourism pipeline (aviation, logistics, digital projects).
2 POLICY	Saudi Arabia opens Makkah and Madinah real estate to foreign investors for first time.
3 ENTERTAINMENT	Disney theme park confirmed for Abu Dhabi's Yas Island.
4 MEGA-EVENTS	Morocco commits US\$16B for AFCON 2025 and 2030 FIFA World Cup infrastructure.
5 PRIVATIZATION	Egypt transfers 11 airports to private sector under State Ownership Policy.

## SIGNALS OF OPPORTUNITIES

Five shifts taking Muslim-Friendly travel from sovereign investment to digital pilgrimage.

IMPACT + Low + Moderate \* High





# Muslim-Friendly Travel

Despite geopolitical tensions and macroeconomic pressure, the Muslim-friendly travel sector continues to expand, with Muslim outbound travel spending reaching US\$ 249 billion in 2024, up 14.9% from US\$ 217 billion in 2023, and projected to reach US\$ 424 billion by 2029, reflecting an 11.2% CAGR. Saudi Arabia, Malaysia, and the UAE remain the largest Muslim travel markets.

**GROWTH IS BEING DRIVEN BY GULF SOVEREIGN INVESTMENT,** large-scale destination development, and the rapid digitization of pilgrimage infrastructure. GCC countries are deepening commitments across Africa and the Arab world, with the UAE and Qatar deploying multi-billion-dollar tourism and real estate pipelines in Egypt, Zanzibar, and Syria, while Saudi Arabia continues to structure its giga-project portfolio for private-sector co-investment and opens Makkah and Madinah real estate to foreign capital for the first time.

Saudi Arabia's Umrah ecosystem is becoming the sector's most advanced digital infrastructure, with the Nusuk platform now mandatory for visa applications, accommodation, and transport booking, complemented by an integrated digital wallet, an AI-powered air-rail booking system, and a forthcoming credit-profile-based visa issuance model. AI is also being deployed at operational scale across Hajj, covering crowd management, multilingual guidance, and real-time mobility coordination. Across OIC aviation markets, Saudi Arabia alone plans three new carriers as part of a US\$ 100 billion aviation overhaul, while sovereign investment in regional carriers such as AirAsia signals a broader push to expand seat capacity and connectivity.

Mega-events are becoming a programmatic demand driver, with Qatar, Morocco, Uzbekistan, Senegal, and Saudi Arabia all hosting or preparing for major international sporting and business events through 2026, using these as catalysts for infrastructure delivery and destination repositioning. When paired with visa facilitation and credible post event utilization plans, these events can accelerate infrastructure readiness, stabilize visitation, and strengthen global positioning. The opportunity is significant, but the risk of stranded assets remains where legacy planning is weak.

Visa liberalization and long-stay residency programs across Oman, Saudi Arabia, the UAE, Malaysia, Indonesia, and Egypt are shifting the demand profile toward higher-value, longer-stay visitors, while AI-powered travel planning tools, biometric airport journeys, and B2B digital distribution platforms are raising service standards across the sector. Sustainability is receiving sharper regulatory attention, with airlines facing significant carbon compliance costs and destinations formalizing community-based tourism models to broaden the economic benefits of visitor growth. Looking ahead, the strongest opportunities lie in accessing Saudi destination pipelines, scaling sub-Saharan Africa hospitality exposure through multi-site structures, and embedding Muslim travel tools within existing super-app and airline distribution ecosystems rather than building standalone platforms.

## 2025/26 Developments

### Updates on revenue developments

Gulf sovereign wealth funds and state-backed investors are accelerating large-scale tourism, real estate, and destination infrastructure investments across Africa, positioning the continent as a priority long-term growth market.

- The UAE pledged a US\$ 6 billion Africa-focused tourism investment pipeline at the UAE–Africa Tourism Investment Summit 2025, spanning aviation, logistics, infrastructure, and digital tourism projects. From 2019 to 2023, UAE investments in Africa surpassed US\$ 110 billion, positioning the country as the world's fourth-largest investor on the continent, after the US, China, and the EU.<sup>263</sup>
- Qatar pledged US\$ 29.7 billion through its sovereign wealth fund to develop a large-scale real estate and tourism project on Egypt's Mediterranean coast, supported by tax and customs incentives offered by the government. Since 2021, Gulf states have invested US\$ 59 billion in Egypt's northern coast, making them the region's largest investors.<sup>264</sup>
- Zanzibar and Qatar agreed on a US\$ 10 billion partnership to develop tourism-related infrastructure in Zanzibar, including port facilities and conference and exhibition hubs, to support destination development and visitor growth.<sup>265</sup>

### REVENUE DEVELOPMENTS

#### Latest Projections

Muslim outbound travel spending reached US\$ 249 billion in 2024, representing 14.9% growth from US\$ 217 billion in 2023, and is projected to reach US\$ 424 billion by 2029, reflecting an 11.2% CAGR over the forecast period. Saudi Arabia, Malaysia, and the United Arab Emirates remain the largest Muslim travel markets globally.

*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.*

**“** When GCC tourists began seeing Bosnia as a new destination, investments followed. However, further investment is still needed in infrastructure, particularly roads and flight connectivity, to support tourism growth.

**AIDA TERZIĆ** GENERAL MANAGER,  
**PINO NATURE HOTEL**

### INVESTMENT SUMMARY

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ MILLION)
Azerbaijan	Private Equity	Azerbaijan Airlines	1,540
Indonesia	Private Equity	Garuda Indonesia	1,400
United Arab Emirates	Private Equity	ADNOC Logistics & Services	317
Saudi Arabia	Venture Capital	Rize	132
Benin	Venture Capital	SpiroNet	100

SOURCE: VARIOUS SOURCES, DIARSTANDARD ANALYSIS

Gulf capital is re-engaging with Syria through large-scale aviation, real estate, and infrastructure investments, using tourism-enabling assets as early entry points. Meanwhile, governments in emerging markets are structuring tourism assets to crowd in private capital.

- A Qatar-led consortium signed a US\$ 4 billion concession agreement to redevelop and expand Damascus International Airport, upgrading facilities and passenger capacity, as part of a broader set of investment agreements totaling US\$ 14 billion signed by Syria, which include airport-related projects.<sup>266</sup>
- Saudi pledged US\$ 2.93 billion in real estate and infrastructure projects in Syria as part of a broader US\$ 6.4 billion in deals.<sup>267</sup>
- The Iraq Development Fund launched the Hadara initiative to establish an investment company to develop tourist resorts in archaeological areas with Iraqi and foreign partners, as Iraq advances tourism projects for local and international investors, with hotel developments under construction exceeding US\$ 200 million.<sup>268</sup>

Saudi Arabia is systematically opening giga projects and destination developments to private capital by offering co-investment structures, project financing, and phased participation across culture, wellness, and lifestyle assets.

- Saudi Arabia's AlUla cultural heritage site plans to offer projects worth US\$ 1.6 billion for private sector participation.<sup>269</sup>
- PIF is developing the Saudi North Pole district in North Riyadh, anchored by a planned 2-kilometre-tall tower with an estimated cost of US\$ 5 billion, as part of a fully integrated city comprising residential, commercial, and industrial zones, alongside entertainment venues, parks, educational institutions, medical facilities, and visitor attractions.<sup>270</sup>
- Saudi Arabia's Tourism Development Fund announced US\$ 773 million in new tourism projects, including five developments in the Asir region backed through partnerships with Saudi investors.<sup>271</sup>
- Red Sea Global secured US\$ 1.73 billion in financing from a consortium of Saudi banks to advance the next phase of construction at AMAALA, structured through a mix of conventional and Islamic financing and aligned with the company's sustainability-linked Green Loan Framework.<sup>272</sup>
- Baheej, Saudi Arabia's destination developer and a joint venture between ASFAR and the Saudi Tourism Investment Company (a PIF company), announced the fourth phase of its Yanbu Waterfront Project: a boutique wellness resort inspired by ancestral wellness practices and the region's seafaring heritage.<sup>273</sup>

At the same time, Saudi Arabia is recalibrating parts of its tourism giga-project pipeline, scaling back some high-ambition projects while shifting investment toward more strategic and commercially grounded assets.



ADOBE STOCK/ALEXANDRE ROSA

Maraya, the mirrored landmark in AlUla, Saudi Arabia

- The scope of The Line in NEOM has been reduced from a planned 170 km city (once projected to cost up to US\$ 8.8 trillion) to about 2.5–5 km, with completion targeted for 2030. The kingdom is also redirecting investment toward AI data centers and digital infrastructure to support its ambition of becoming a global hub for AI and cloud computing.<sup>274</sup>
- Similarly, the Trojena ski resort, originally planned to host the 2029 Asian Winter Games, has been scaled back and postponed to 2031. In February 2026, the Olympic Council of Asia (OCA) officially relocated the event to Almaty, Kazakhstan.<sup>275</sup>

Saudi Arabia opened up investment access in Makkah and Madinah through regulatory reforms and residency incentives, accelerating institutional and high-net-worth capital into Umrah-linked real estate and large-scale accommodation ecosystems.

- High-net-worth Muslim investors plan to invest US\$ 2 billion in branded real estate developments in Makkah and Madinah, according to a survey by Knight Frank, a global property consulting company, following regulatory changes allowing non-Saudis to invest in companies holding property in the two cities and the introduction of premium residency visas linked to real estate ownership.<sup>276</sup>
- Indonesia acquired a US\$ 500 million accommodation complex in Makkah's Thakher City, including the Novotel Thakher City hotel and adjacent land, to develop a dedicated "Hajj Village" for up to 23,000 Indonesian Hajj and Umrah pilgrims, designed as a self-sufficient accommodation ecosystem near the Masjid al-Haram.<sup>277</sup>

Halal and Muslim-focused travel platforms raised new early-stage funding to support expansion and platform upgrades.

- Algerian travel-tech startup Völz raised US\$ 5 million in a funding round led by Tell Group and Groupe Industriel Babahoum Algérie, with participation from the Algerian Startup Fund, to expand a platform enabling international flight bookings using local currency and offering cash-on-delivery and offline-friendly payment options.<sup>278</sup>
- Halalbooking secured US\$ 5 million in new investment, which it plans to deploy toward expanding its service offering, upgrading its technology platform, and laying the groundwork for a future institutional funding round of US\$ 20–30 million targeted for 2026.

Cruise operators and travel companies launched and marketed halal-certified, Muslim-friendly, and Umrah-focused cruise offerings across multiple routes, alongside new residential cruise ship plans.

- Türkiye based Salam Booking introduced an Umrah-focused cruise in partnership with Cruise Saudi's AROYA Cruises, departing from Istanbul with stops across select Turkish destinations and Egypt.<sup>279</sup>
- Similarly, US-based Dar El Salam travel company is offering an AROYA Cruises Umrah package that includes a stop in Hurghada, Egypt.<sup>280</sup>
- Aroya Cruises has launched a 13-night halal-certified cruise from Malaysia to Jeddah, offering an alternative travel format for Umrah and Hajj. Departing Port Klang, it stops in Banda Aceh, the Maldives, and Muscat before arriving in Jeddah for onward travel to Makkah, combining onboard religious programming with visits to Islamic heritage sites.<sup>281</sup>
- Canada-based Umrah Companions has begun marketing Saudi Cruise-based offerings for Umrah travelers, serving as the preferred North America marketing

partner for Saudi Cruise. The company offers cruise-only and Umrah-plus-cruise packages, including group, conference, and family travel formats.<sup>282</sup>

- Malaysia introduced Muslim-friendly cruise offerings led by Piano Land, a China-based cruise company, featuring halal-certified dining, prayer facilities, and family-oriented amenities.<sup>283</sup>
- An emerging development in the mainstream cruise industry is the introduction of luxury private residences onboard cruise ships, with Crescent Seas planning to launch five residential cruise ships over the next five years, starting with its first vessel in 2026.<sup>284</sup>

OIC aviation markets are expanding capacity through new airline launches, long-haul low-cost models, and digital-first distribution strategies, backed by significant sovereign and private investment.

- Saudi Arabia plans to launch three new airlines as part of a broader aviation overhaul backed by US\$ 100 billion in investment. One will be a low-cost carrier based in Dammam, formed as a joint venture between Air Arabia, Nesma Group, and KUN Holding. A second budget airline will be based in Madinah, while details of the third carrier remain unconfirmed.<sup>285</sup> Riyadh Air, a PIF-backed company and Saudi Arabia's new national carrier, launched its inaugural flight to London in October 2025.<sup>286</sup>
- Saudi low-cost carrier flyadeal, owned by Saudia, plans to introduce long-haul services to complement its existing budget flight network serving Saudi Arabia.<sup>287</sup>



RIYADH AIR.COM

- Oman Air reported that its mobile app and direct digital channels now account for 91% of ticket sales, reflecting a shift toward app-led distribution and reduced reliance on third-party booking platforms as part of the airline's digital transformation strategy.<sup>288</sup>
- PIF plans to invest US\$ 100 million in Malaysia's AirAsia as part of the airline's US\$ 226 million fundraising round, positioning itself as the largest contributor alongside investors from Singapore and Japan, in line with its portfolio diversification strategy.<sup>289</sup>

**Major sports and business events across OIC Countries are acting as catalysts for large-scale infrastructure investment, destination branding, and long-term tourism capacity building.**

- Qatar hosted the FIFA Arab Cup in December 2025 utilizing six stadiums from the 2022 World Cup. The games attracted over 1.2 million spectators with a quarter of fans traveling from outside Qatar.<sup>290</sup>
- Morocco committed approximately US\$ 16 billion to infrastructure and stadium development to host the 2025 Africa Cup of Nations (AFCON). The investment includes the construction of the Grand Stade de Casablanca — set to be the world's second-largest stadium with a capacity of 115,000 — as part of a broader strategy to prepare for co-hosting the 2030 FIFA World Cup.<sup>291</sup>
- Uzbekistan hosted the 2025 Asian Youth Games in Tashkent in May 2025. The event prompted the construction of a major Olympic Village, which cost US\$ 290 million, highlighting Uzbekistan's growing capacity for large-scale international sporting competitions.<sup>292</sup>
- Senegal is set to host the Dakar 2026 Youth Olympic

Games from October to November 2026, marking the first Olympic event ever held on the African continent. The government expects the games to attract over 1 million visitors and generate an economic injection of nearly US\$ 18 million while accelerating the national goal of reaching 3 million annual tourists by 2027.<sup>293</sup>

- Azerbaijan will host the SportAccord Convention 2026 in Baku in May 2026. The event is expected to bring together 1,700 delegates and leaders from over 120 international sports federations, serving as a key global summit for sports business, governance, and networking within an OIC member state.<sup>294</sup>
- The Bosnian Football Federation has finalized the conceptual design for a new national stadium in Zenica and is working to structure a joint financing model, including engagement with domestic and international institutions to support project implementation.<sup>295</sup>
- Saudi Arabia's flagship technology conference, LEAP 2025, secured US\$ 22.4 billion in announced investments, drew over 170,000 visitors, and featured tracks spanning fintech, healthtech, smart cities, AI, sports technology, and future mobility. The organizers secured a long-term venue tenancy agreement through 2027.<sup>296</sup>
- Dubai's GITEX GLOBAL 2025, the 45th edition organized by Dubai World Trade Centre, hosted 6,800 exhibitors, 2,000 startups, and 1,200 investors from 180 countries, representing a combined US\$ 1.1 trillion in assets under management. At the time of writing, GITEX 2026 is scheduled for December 2026 and will introduce GITEX TechCation, extending the event into a citywide program designed to encourage longer stays and extended networking itineraries.<sup>297</sup>



PEXELS/RAKHMAT SUWANDI

**Travel companies launched new digital platforms to expand halal-focused consumer booking options and strengthen B2B hotel distribution across key Muslim travel corridors.**

- Malaysia-based Halal Holidays recently launched HalalHolidaysAsia, a new platform offering halal-certified travel packages, accommodation options, and integrated booking services.<sup>298</sup>
- Saudi OTA almatar launched arabiabeds, a B2B<sup>299</sup> hotel distribution platform providing hotels and travel sellers with tools for inventory management and global distribution, with a focus on properties in Saudi Arabia, the UAE, Qatar, Oman, Egypt, and Türkiye.

**Middle Eastern destinations are leveraging global entertainment brands and luxury real estate partnerships to anchor mixed-use tourism districts and enhance international appeal.**

- The Walt Disney Company and Miral, Abu Dhabi's destination developer, announced an agreement to develop a Disney-branded theme park resort on Yas Island in Abu Dhabi, United Arab Emirates.<sup>300</sup>
- Qatari Diar has signed a strategic agreement with Dar Global to develop the Trump International Golf Club Simaisma and a luxury villa community as part of the 8 million square meter Simaisma Masterplan north of Doha, which will include hotels, a marina, a beach club, retail and dining outlets, and a theme park.<sup>301</sup>

**Governments moved to transfer airport operations and investment responsibilities to the private sector as part of broader state ownership and privatization policies.**

- The Egyptian government has taken steps to involve the private sector in the operation of 11 airports,

transferring operational and investment responsibilities in line with the State Ownership Policy, which targets raising private-sector participation to around 60–65% of economic activity.<sup>302</sup>

**Fintech and innovation initiatives are increasingly focused on pilgrimage finance, transport efficiency, and infrastructure operations across Muslim Markets.**

- Saudi fintech UmrahCash, initially launched in Nigeria to serve West African pilgrims, has expanded into Indonesia. The platform provides direct access to Saudi riyals and plans to introduce Shariah-compliant savings, deposits, financing, and payment services in Indonesia and Saudi Arabia, using fintech tools to manage currency volatility while remaining Shariah-compliant.<sup>303</sup>
- Etihad Rail has launched the second edition of its Global Rail Innovation Award, offering an AED 1 million grant to support innovation in transport, mobility, and logistics. The initiative recognizes global solutions such as AI-powered inspections and digital twin technologies aimed at improving rail efficiency and infrastructure operations.<sup>304</sup>

**Non-OIC markets are increasingly formalizing Muslim-friendly hospitality standards to attract Muslim travelers and differentiate their tourism offerings.**

- Philippines-based Megaworld Hotels and Resorts received the 'Muslim-Friendly Hotel Chain' designation from CrescentRating. Six of its properties operate halal-certified kitchens accredited by the Halal International Chamber of Commerce and Industry of the Philippines (HICCIIP).<sup>305</sup>

**OPERATIONAL DEVELOPMENT**

**Airport authorities are pursuing expansion and technology-enabled transformation to increase capacity, improve passenger experience, and upgrade airport operating models.**

- Morocco's airport authority (ONDA) launched its "Airports 2030" strategy to expand and modernize airports, enhance passenger experience through tech-enabled journeys, and transform ONDA's operating model. It prioritizes capacity growth at key hubs, led by Casablanca Mohammed V (targeting 35 million passengers by 2029).<sup>306</sup>
- Abu Dhabi Airports signed an agreement with SITA, a global air transport IT and communications provider, to co-develop an AI-driven Intelligent Total Airport Management (iTAM) platform that integrates real-time data, insights, and operational decision-making across the airport ecosystem.<sup>307</sup>

Governments are using domestic tourism and targeted promotion programs to sustain demand and spread benefits locally.



PEXELS/ESLAM MOHAMMED ABDELMAKSOUH



PEXELS/SULTAN

- Jordan's Ministry of Tourism and Antiquities launched a new series of "Our Jordan is Paradise" trips to boost tourism in Petra, including overnight stays, following a broader program review in response to regional challenges. The initiative aims to support local communities, expand beneficiary access, and encourage domestic tourism as part of everyday life for Jordanians.<sup>308</sup>
- The Indonesia Ministry of Tourism organized a series of famtrips to West Sumatra focusing on the province as a gastronomic and Muslim-friendly destination.<sup>309</sup>

**Governments are building digital infrastructure to package and market specialized tourism offerings.**

- The Egyptian General Authority for Healthcare launched a digital platform for medical tourism, "In Egypt We Care," showcasing Egypt's medical facilities, treatment capabilities, and healthcare professionals.<sup>310</sup>

### NATIONAL/TRADE DEVELOPMENTS

**Governments are positioning large-scale cultural and heritage assets as catalysts for destination redevelopment, infrastructure upgrades, and tourism investment.**

- Egypt inaugurated the Grand Egyptian Museum (GEM) in November 2025 at a cost of US\$ 1 billion. The museum anchors the redevelopment of the Giza plateau, including new roads, hotels, parks, and a planned airport. With tourism contributing about 12% of GDP, Egypt is targeting up to a 20% increase in arrivals.<sup>311</sup>
- Bahrain opened the Siyadi Pearl Museum in Muharraq as part of the Pearling Path regeneration project, a UNESCO World Heritage Site preserving the country's historic pearling economy. The museum sits within a restored merchant residence along a two-mile heritage corridor linking restored buildings and cultural venues in the historic pearl-trading district.<sup>312</sup>
- Nigeria's Ministry of Arts, Culture, Tourism and Creative Economy launched a strategy to revive tourism and the creative economy by leveraging cultural assets, upgrading infrastructure, and building capabilities across film, fashion, and heritage.<sup>313</sup> At the 2025 Nigeria Tourism Investment Forum and Exhibition (NTIFE), government officials called for public-private partnership and greater private sector investments in tourism projects.<sup>314</sup>

**Pilgrimage-related aviation logistics are being explored as a mechanism to increase inbound tourism by optimizing return flight utilization.**

- The Indonesia Ministry of Hajj and Umrah is exploring the use of return charter flights from Saudi Arabia to carry Saudi tourists to Indonesia after transporting Indonesian Hajj pilgrims, aiming to boost inbound tourism from the Kingdom.<sup>315</sup>

**Tourism authorities are subsidizing halal certification to accelerate Muslim-friendly food and facilities.**

- The Hong Kong Tourism Board (HKTB) launched a funding scheme in 2026 offering a 50% subsidy on halal certification fees for restaurants, to encourage the expansion of Muslim-friendly facilities and dining options.<sup>316</sup>

**Saudi Arabia and Egypt are advancing a landmark cross-border infrastructure initiative.**

- Saudi Arabia and Egypt have revived plans for a 32 km multi-modal Red Sea causeway linking the two countries, with an estimated cost of US\$ 4 billion. The project is expected to boost bilateral tourism flows and strengthen cross-border trade connectivity.<sup>317</sup>

### ECOSYSTEM DEVELOPMENTS

**Visa facilitation and longer-stay, investment-linked residency pathways expanded across select OIC destinations in 2025.**

- Oman introduced 14-day visa-free entry for nationals of 100+ countries, alongside continued promotion of Golden Residency routes positioned for investors and higher-value residents.<sup>318</sup>
- Saudi Arabia reinforced structured residency and ownership pathways through its Premium Residency program, which includes a Real Estate Owner Residency product, supported by moves to broaden the foreign ownership framework in the Kingdom.<sup>319</sup>
- The UAE launched the 10-year Blue Visa and advanced longer-term residency positioning as part of its broader residence ecosystem.<sup>320</sup>
- Malaysia's My Second Home (MM2H) program, revamped in June 2024, introduced a three-tier structure (Silver, Gold, Platinum) that expands long-stay options and associated benefits. The program recorded inflows of US\$ 196 million, including US\$ 90 million in investments between December 2024 and June 2025.<sup>321</sup>
- Indonesia's Golden Visa program, launched in 2024, offers five- or ten-year residency for investors, global talent, and families through qualifying investment in government bonds, company shares, or establishing a business. Benefits include faster immigration processing, family inclusion, and a potential pathway to permanent residency or citizenship. Indicative thresholds include US\$ 350,000–700,000 for individuals and US\$ 25 million–50 million for corporations.<sup>322</sup>
- Egypt launched the government-led Property Egypt platform to modernize and standardize the real estate market, connecting local stakeholders with global investors through MLS (Multiple Listing Service) technology. It supports Egyptian and foreign buyers, and aligns with Egypt's Real Estate Residency Program, which allows property purchase and residency in areas such as the New Administrative Capital and the Red Sea Coast.<sup>323</sup>

**Saudi Arabia is digitizing and centralizing the Umrah journey through mandatory platforms and integrated services.**

- The Nusuk platform has become a mandatory part of the Umrah visa process, requiring pilgrims to apply for visas, book verified accommodation, and arrange transport through Nusuk or licensed agents. By centralizing these steps, the platform reduces fraud risk and provides an end-to-end digital system for managing and tracking Umrah itineraries.<sup>324</sup>
- The Ministry of Hajj and Umrah has introduced Nusuk Wallet, an international digital wallet and bank card for Hajj and Umrah pilgrims. Supported by banking infrastructure from SNB AlAhli via its NEO brand, the wallet enables pilgrims to manage spending during their stay and supports the Ministry's broader goal of developing a super-app integrating payments, AI, encryption, biometric identity verification, and API-based services.<sup>325</sup>
- Saudi Arabia has announced a digital tourist visa system allowing eligible Visa cardholders to obtain visas within minutes using passport and card details. Developed by the Saudi Tourism Authority with the Ministry of Foreign Affairs, Ministry of Interior, and Ministry of Tourism, the Visa by Profile model (launching in 2026) automates visa issuance through credit-based financial verification across integrated public and financial systems.<sup>326</sup>
- Saudi Arabia Railways and low-cost carrier Flynas have launched a unified booking system linking domestic flights with the Haramain High-Speed Railway, enabling integrated air-rail journeys. The initiative supports Saudi Arabia's broader push to digitize mobility and reduce reliance on road and air travel alone.<sup>327</sup>
- The Ministry of Hajj and Umrah has launched a national challenge inviting Saudi chefs and startups to upgrade catering for Hajj and Umrah pilgrims, aiming to improve food quality, safety, and service efficiency in line with Vision 2030.<sup>328</sup>

**Indonesia introduced regulatory, institutional, and digital measures to adapt to Saudi Arabia's evolving Umrah framework while maintaining domestic oversight of pilgrimage travel.**

- The Indonesian government has legalized independent Umrah travel following Saudi Arabia's easing of Umrah visa rules. The Association of Indonesian Muslim Hajj and Umrah Organizers (AMPHURI) has opposed the move, warning it could disrupt the country's Umrah travel business ecosystem.<sup>329</sup>
- Indonesia's Ministry of Hajj and Umrah (Kemenhaj) is developing an information system to integrate with Saudi Arabia's Nusuk platform, following the launch of Nusuk's "Direct Umrah" scheme that enables digital self-registration and booking. The integration aims to keep independent Nusuk registrants within government oversight and protection.<sup>330</sup>

- Indonesia plans to transform the Hajj Organizing Agency into a standalone ministry as part of a broader effort to transfer pilgrimage responsibilities from the Ministry of Religious Affairs.<sup>331</sup>

**Tourism bodies and private operators launched AI-powered planning tools to provide Muslim travelers with halal-relevant itineraries, guidance, and concierge services.**

- Halal Media Japan has launched the Halal Travel Japan Planner, offering free AI-generated itineraries with halal dining, prayer spaces, and Muslim-friendly attractions. A multilingual concierge service (English, Japanese, Bahasa Indonesia, Malay) is also available for additional fees.<sup>332</sup>
- The German National Tourist Office has launched an AI-powered, multilingual halal travel guide tailored for GCC travelers. Available in English and Arabic, the guide.<sup>333</sup>

**Public agencies advanced halal standards and certification programs to support Muslim-friendly tourism ecosystems and improve service compliance.**

- Indonesia is strengthening Muslim-friendly tourism through collaboration between the Ministry of Tourism and the Halal Product Assurance Agency (BPJPH) to expand halal certification for tourism-related micro, small, and medium enterprises (MSMEs). Under BPJPH's Sehati program, the government aims to issue 1 million free halal certificates in 2025, including certification of MSME products across 1,500 tourism villages.<sup>334</sup>

- Alimentos Halal Brasil has distributed a practical guide to restaurants, hotels, and buffets in Brazil on halal food handling and service procedures, aiming to strengthen halal compliance beyond raw ingredients by improving preparation and service practices for Muslim consumers.<sup>335</sup>

**Public institutions launched education and training initiatives to professionalize tourism skills and align workforce capabilities with digital and content-driven tourism models.**

- Dubai launched the Beautiful Destinations Academy, a training program for travel content creators to strengthen digital tourism marketing and enhance the city's global appeal. Developed by the Dubai College of Tourism, it builds creative and commercial skills and complements Creators HQ, launched in 2025 to attract 10,000 influencers to the UAE, with eligible participants able to apply for long-term golden visas.<sup>336</sup>
- UN Tourism has partnered with the International Baccalaureate to expand tourism education at the high school level. The collaboration aims to align curricula with evolving industry needs, preparing students for careers across hospitality, travel management, sustainable tourism, and digitally enabled tourism roles.<sup>337</sup>

**Muslim-friendly positioning of hospitality assets in non-OIC markets has faced local resistance, highlighting social and regulatory sensitivities.**

- An investor from the UAE purchased the traditional Hotel Bellevue au Lac in Thun, Switzerland, in 2025, and converted it to a hotel, which caused local controversy by banning pork and alcohol.<sup>338</sup>

**Cities advanced large-scale urban mobility infrastructure projects aimed at easing congestion and supporting future travel demand.**

- The Dubai Loop, an underground network of high-speed tunnels for autonomous electric vehicles, is expected to become operational in the second quarter of 2026. Developed by The Boring Company, founded by Elon Musk, in partnership with Dubai Roads and Transport Authority, the project is part of Dubai's broader mobility strategy to ease congestion and is designed to carry up to 20,000 passengers per hour once completed.<sup>339</sup>

**“ We operate in a very sensitive public environment, so we do not market our properties as halal. The offering is halal in substance, but not in branding.**

**SPEAKING ANONYMOUSLY, UK-BASED HOSPITALITY OPERATOR MANAGING A MUSLIM-FRIENDLY HOTEL PORTFOLIO**



GOVERNMENT OF DUBAI MEDIA OFFICE



PEXELS/ANNA SHVETS

## INNOVATION

**Airport operators are accelerating passenger digitalization through AI assistants for real-time guidance and biometric single-credential journeys that streamline airport touchpoints.**

- The Egyptian Holding Company for Airports and Air Navigation (EHCAAN), in partnership with Orange Egypt, launched "Maryam," an AI-powered interactive digital assistant at Cairo International Airport. Available in Arabic and English via smart kiosks, it provides guidance on flight schedules, check-in and arrivals, airport services, transport options, and nearby tourist destinations.<sup>340</sup>
- Malaysia Airports introduced the Single Token Journey at Kuala Lumpur International Airport (KLIA), using facial recognition as a single biometric credential to streamline check-in, security, and boarding without boarding passes. Integrated with the MYairports app, it enables pre-enrolment, with planned immigration integration to allow foreign travelers to use autogates.<sup>341</sup>

**Saudi Arabia is deploying AI across pilgrimage operations to manage crowd movement, deliver multilingual guidance, and support pilgrims at scale.**

- Saudi Arabia announced its largest AI-powered operational plan for Hajj, introducing smart services to support pilgrims. Key initiatives include the Manarah 2 multilingual AI guidance robot, interactive smart screens providing real-time assistance, a global digital Qur'an platform, the Surat Al Fatiha multilingual app, and specialized religious, educational, and intellectual support

- programs tailored to pilgrims' diverse backgrounds.<sup>342</sup>
- Saudi Arabia started using AI to analyze real-time data for predicting crowd density at Arafat, enabling faster and more flexible management of pilgrim movement.<sup>343</sup>

**Indonesia and Nigeria are building AI- and data-enabled tourism platforms.**

- Indonesia has launched MaiA, an AI platform under its Tourism 5.0 initiative that provides personalized travel planning through tailored itineraries, interactive maps, and multilingual summaries. Planned enhancements include integration with local businesses and augmented reality-enabled virtual tour features.<sup>344</sup>
- Nigeria is developing Xplaura, a digital platform consolidating verified cultural and tourism assets with marketplaces, mobility integrations, and payment rails. It supports government tourism intelligence, while enabling SME financing across the cultural and tourism economy.<sup>345</sup>

**Technology and travel companies introduced AI-powered tools to assist travelers with trip planning, bookings, and real-time recommendations.**

- Google launched an AI-powered booking assistant that offers an integrated travel booking experience, covering flights and hotels alongside restaurant reservations and event tickets.<sup>346</sup>
- Umrah Companions launched "Ibraheem," an AI-powered Umrah advisor designed to simplify pilgrimage planning through multilingual, personalized guidance. It provides real-time recommendations on flights, hotels, dining, weather, medical facilities, and services such as wheelchair availability near the Haram in Makkah.<sup>347</sup>

Technology firms are developing AI-enabled wearable devices aimed at real-time translation and navigation use cases relevant to travel.

- Google unveiled new smart glasses positioned for travel use cases such as live translation and navigation, signaling a direct push against Ray-Ban Meta smart glasses. The Ray-Ban Meta model has recently added live voice translation and features designed to support tour-guide style assistance.<sup>348</sup>
- Apple hinted at the development of AI-powered earbuds for inter-species translation, amid broader discussion around OpenAI's first potential hardware device. This comes as instant language-translation earbuds are already on the market.<sup>349</sup>
- Google plans to add agentic booking capabilities to its AI Mode search experience, enabling users to complete hotel and flight bookings within the interface through integrations with major partners such as Booking.com and Expedia.<sup>350</sup>

## SOCIAL IMPACT DEVELOPMENTS

Climate action in tourism and aviation is receiving increased regulatory, policy, and enforcement attention, with clearer accountability for emissions, disclosures, and compliance.

- At the 2025 COP30 in Brazil, UN climate talks again gave tourism dedicated attention, allocating two full days to a sector responsible for nearly 9% of global emissions. The Glasgow Declaration on Climate Action in Tourism (launched at COP26) has 800+ signatories committed to halve emissions by 2030 and reach net zero by 2050, and UN Tourism announced updates with a stronger emphasis on climate-impact preparedness.<sup>351</sup>
- Airlines face up to US\$ 17.5 billion in potential non-compliance costs for missing carbon offset obligations under the UN's CORSIA framework.<sup>352</sup>
- Twenty-one major European airlines agreed to curb misleading environmental marketing after talks with the European Commission and consumer authorities. Commitments include tighter rules on the use of terms such as "sustainable aviation fuels" and a ban on claims that individual flights are "carbon neutral" through offsets or passenger contributions. National regulators will monitor compliance and can take enforcement action for breaches.<sup>353</sup>

Tourism authorities are formalizing community-based and locally anchored tourism models to ensure social, economic, and cultural benefits flow directly to local populations.

- Jordan's tourism board partnered with Tourism Cares to develop the Meaningful Map of Jordan, a curated guide to social enterprises—such as women-run restaurants, refugee craft centers, ecolodges, community guesthouses, and Jordan Trail stops. These

experiences were integrated into international campaigns, tour-operator itineraries, and digital content, redirecting visitor traffic toward community projects and strengthening local income flows.<sup>354</sup>

- The Indonesian government is pursuing a tourism model that goes beyond visitor numbers to deliver social, economic, and cultural benefits for local communities. The Ministry of Tourism is advancing this shift through programs such as Tourism Villages, which emphasize village-level community participation, and the Clean Tourism Movement—a national initiative to improve cleanliness, health, and sustainability in tourist destinations.<sup>355</sup>

Tourism companies are adopting operational technologies to reduce waste and improve sustainability performance within hospitality assets.

- EasyJet Holidays partnered with Winnow, which uses AI-powered cameras and scales in hotels to track food waste. According to the company, a pilot property recorded a 68% reduction in food waste, delivering over US\$ 100,000 in savings.<sup>356</sup>

Urban destinations are combining behavioral incentives and mobility infrastructure to encourage environmentally responsible travel and everyday sustainable practices by visitors.

- Dubai is developing a 93-kilometre, air-conditioned pedestrian and cycling tunnel, The Loop, to promote walkable urban mobility. The project will include rest areas, vertical farms, and incentives for active users. By 2040, Dubai targets 80% of daily journeys to be made on foot or by bicycle. The initiative supports the city's sustainability and quality-of-life goals.<sup>357</sup>
- In Copenhagen, the CopenPay scheme, trialed in summer 2024, rewarded tourists for environmentally friendly actions such as litter picking, cycling, or volunteering at urban farms. Incentives included complimentary guided museum tours, free kayak rentals, and free lunches.<sup>358</sup>

**“Responsible tourism is no longer a buzzword. It means respecting the destination and managing overtourism. Sustainability must be built into government policy to create real impact. The private sector can move on its own, but only the government can accelerate it at scale.”**

ADEEBA KHALID JADOON, CHIEF MARKETING OFFICER PAKISTAN TRAVEL MART



# SIGNALS OF OPPORTUNITIES

IMPACT: + Low + Moderate \* High

MATURITY: ● Early ●● Intermediate ●●● Mature

1

## Lower app-building barriers are enabling specialized travel apps.

AI development tools are reducing the cost and time to launch focused travel products, making it easier to build niche discovery, trip-planning, and in-trip support without full-stack OTA platforms. Advantage is shifting from engineering scale to distribution partnerships, data access, and traveler trust, delivered either as standalone apps or embedded within super-app ecosystems.

IMPACT: \* MATURITY: ●●

2

## GCC tourism investment in Africa is accelerating, focused on asset-level hospitality and infrastructure projects.

Recent GCC-linked investments in African markets are concentrating on destination real estate and hospitality assets alongside enablers that expand access and capacity, including aviation, logistics and supporting infrastructure, and digital tourism initiatives.

IMPACT: + MATURITY: ●●

3

## Saudi Arabia is mobilizing private funding for tourism mega-projects and holy-cities real estate development.

Saudi Arabia has started structuring tourism mega-project delivery into investable phases, pairing private participation with bank-led project finance. In parallel, capital-market rules now permit capped foreign investment in listed firms owning real estate in Makkah and Madinah, broadening access to holy-cities investment.

IMPACT: + MATURITY: ●●

4

## OIC destinations are building multi-year mega-event pipelines to stabilize visitation and sustain visibility.

A clearer pipeline approach is emerging, with destinations programming recurring mega-events to drive repeatable demand spikes and strengthen global positioning. In parallel, hosts are using event cycles to accelerate venue readiness and related upgrades, and increasingly to enable event-linked visa facilitation.

IMPACT: + MATURITY: ●●

5

## Several OIC countries ease visas, offer residency-for-payment, allow foreign second home ownership.

Visa easing is merging with "pay-to-stay" residency and second-home access in select OIC countries. Oman offers 14-day visa-free entry for 100+ countries and Golden Residency with property ownership. Saudi's Premium Residency includes a real-estate option, and Indonesia offers a Second Home Visa.

IMPACT: \* MATURITY: ●●

# Strategic Considerations by Stakeholders

Emerging travel developments offer opportunities for investors, governments, and businesses. Investors can access growth through destination pipelines and tourism real estate. Governments can use mega-events and visa easing to boost visitor demand. Businesses can grow through embedded services and longer-stay models. Success depends on disciplined execution, clear investment structures, and strong operational delivery.



SHUTTERSTOCK/EMILY MARIE WILSON

## INVESTORS

### OPPORTUNITIES

#### 1 Scalable investment entry is emerging through repeatable, multi-site destination development pipelines in sub-Saharan Africa.

Sub-Saharan Africa's tourism opportunity is becoming more scalable as governments and developers move from isolated destination projects toward repeatable, multi-site investment pipelines.

For investors, this enables exposure across multiple sites, asset types, and demand drivers through more standardized structures and clearer delivery governance. The approach diversifies execution risk, improves performance comparability, and supports more scalable capital deployment over time.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- The UAE set out a US\$ 6 billion Africa tourism investment pipeline (UAE–Africa Tourism Investment Summit 2025), spanning aviation, logistics, infrastructure, and digital tourism.<sup>369</sup>

#### 2 Regulated, phased investment channels are expanding access to Saudi tourism giga-projects and holy-cities real estate exposure.

Saudi Arabia is increasingly widening participation in its destination build-out through regulated investment pathways that formalize how private capital can access tourism mega-project delivery and, separately, exposure to real estate linked to Makkah and Madinah. This shift from bespoke deal-making toward more structured participation creates clearer entry terms and governance expectations, enabling investors to calibrate exposure by vehicle type and risk profile while aligning with how large-scale projects are being financed and phased.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- AIUla plans to offer a US\$ 1.6 billion pipeline of heritage-led projects for private-sector participation.<sup>362</sup>
- Saudi Arabia's Tourism Development Fund has advanced US\$ 773 million in new tourism projects,

- Qatar's sovereign wealth fund committed US\$ 29.7 billion to a tourism–real estate development on Egypt's Mediterranean coast, supported by fiscal incentives.<sup>360</sup>
- Qatar and Zanzibar agreed a US\$ 10 billion partnership to build tourism-related infrastructure, including ports and MICE facilities.<sup>361</sup>

##### POTENTIAL OUTCOMES BY 2036:

- Resilient risk-adjusted returns from diversified exposure across multiple sites and demand drivers.

including five investor-partnered developments in Asir.<sup>363</sup>

- Indonesia acquired a US\$ 500 million accommodation complex in Makkah's Thakher City, as part of building a dedicated Hajj and Umrah stay ecosystem.<sup>364</sup>

##### POTENTIAL OUTCOMES BY 2036:

- Investors scale Saudi tourism exposure through phased, government-prioritized pipelines, deploying larger capital while pacing risk to delivery milestones.

### CHALLENGES

#### 1 Political and FX risk can overwhelm returns without disciplined upfront structuring.

Investment in destination assets can be undermined by policy shifts, currency volatility, and repatriation frictions, even when operating performance is strong. Without clear concession terms, enforceable investor protections, and robust cashflow structures from the outset, investors may face delayed distributions, reduced hard-currency returns, and limited ability to exit on attractive terms.

##### RISK:

- Return compression driven by devaluation, capital controls, or changes to concession economics.
- Delayed or restricted cash repatriation, weakening distribution timelines and investor confidence.
- Higher perceived country risk, reducing valuation multiples and limiting exit optionality.

OPPORTUNITIES

**1** OIC destinations can institutionalize mega-events as multi-year demand engines anchored in infrastructure readiness and targeted visa facilitation.

A portfolio approach to event hosting allows governments to shift from one-off wins to a programmed calendar of demand peaks. When supported by clear legacy utilization plans, measurable performance KPIs, and selective event-linked visa facilitation, mega-events become a repeatable lever to accelerate venue and service readiness, prioritize visitor-facing upgrades, and strengthen destination positioning over multiple cycles.

RELEVANT DEVELOPMENTS & PRECEDENTS:

- In London, UK, the London Legacy Development Corporation converted the infrastructure from the 2012 Olympic Games into Queen Elizabeth Olympic Park, operating it as a programmed, multi-use events and urban precinct.<sup>365</sup>

**2** Visa easing and “pay-to-stay” pathways can shift tourism from short stays to higher-value, longer-stay demand.

Linking streamlined entry with regulated long-stay pathways—such as residency schemes and second-home access in designated zones—can raise visitor yield, extend length of stay, and smooth seasonality. The opportunity is strongest where governments define eligibility, zoning, and capacity constraints upfront, and pair these with affordability safeguards and transparent administration—so policy attracts investment and longer stays without creating housing pressure or political backlash.

RELEVANT DEVELOPMENTS & PRECEDENTS:

- In Portugal, the Golden Visa (launched 2012) attracted US\$ 7.9 billion in investment by Sept 2023.<sup>368</sup>
- In Greece, the Golden Visa formalized a regulated investor residence permit pathway under national law.<sup>369</sup>
- In Spain, the Telework (Digital Nomad) visa created a legal route for non-EU nationals to reside while work-

- In Barcelona, Spain, the 1992 Olympic Games catalyzed large-scale urban transformation and remained a reference point for event-led destination repositioning.<sup>366</sup>
- In Melbourne, Australia, Visit Victoria has positioned a major-events calendar as a standing tool to drive visitation across the year.<sup>367</sup>

POTENTIAL OUTCOMES BY 2036:

- More predictable demand peaks and stronger year-round performance through sequenced event calendars.
- Higher utilization and better ROI on venues and upgrades through credible legacy operating models.
- Improved international visibility and destination competitiveness supported by repeatable hosting capability.

ing remotely, converting short visits into regulated longer-stay residency.<sup>370</sup>

- Saudi Arabia expanded “pay-to-stay” access via its Premium Residency framework, including a real-estate-linked product and wider foreign ownership pathways.<sup>371</sup>
- The UAE launched a 10-year Blue Visa, reinforcing its long-term residency offer.<sup>372</sup>
- Malaysia restructured My Second Home (MM2H) into Silver/Gold/Platinum tiers, reporting US\$ 196 million in inflows, including US\$ 90 million between December 2024 and June 2025.<sup>373</sup>

POTENTIAL OUTCOMES BY 2036:

- Higher share of repeat and long-stay visitors, increasing yield per visitor and stabilizing demand.
- Increased private investment in designated tourism zones, strengthening destination financing and delivery capacity.

CHALLENGES

**1** Mega-event pipelines can create stranded assets and recurring fiscal burden without credible legacy operating models.

Without commercially viable post-event operating models, governments may carry high fixed operating costs for venues with limited non-event demand, thereby compressing ROI and straining budgets.

RISK:

- Stranded or underutilized venues, reducing returns on public capital.
- Recurring operating subsidies, creating long-term fiscal drag and limiting reinvestment.
- Oversupply versus baseline demand, weakening destination economics beyond event periods.



*BiH’s Football Federation plans a new stadium in Zenica, while Sarajevo’s Olympic Stadium Koševo modernization also remains a national priority. Both should be run as multipurpose venues for matches, concerts, and major events to drive year-round tourism and economic impact.*

DINO SELIMOVIC, ADVISER TO THE MINISTER OF FOREIGN AFFAIRS OF BOSNIA



BUSINESSES

OPPORTUNITIES

**1** Embedded niche travel solutions can scale through distribution partnerships rather than standalone apps.

Lower build barriers are accelerating the launch of specialized travel tools, but scale will increasingly be determined by distribution access, not feature depth. Businesses that embed capabilities into existing customer surfaces—super-apps, messaging platforms, and airline/hotel apps—and secure early partnerships can convert reach into recurring usage. Differentiation shifts from engineering scale to trust and commercial performance: verified inventory, transparent policies, responsive support, and data-driven conversion outcomes that partners can measure.

RELEVANT DEVELOPMENTS & PRECEDENTS:

- Uber, the US-based mobility and delivery platform, launched Uber Travel to organize trip itineraries within its app, and Delta Air Lines, the US-based airline, enabled customers to book Uber rides inside the Delta app via integration.<sup>374</sup>
- Grab, the Singapore-based super-app for ride-hailing, delivery, and payments, embedded hotel booking via Agoda and Booking.com, allowing users to earn Grab rewards on accommodation booked through the platform.<sup>375</sup>
- Revolut, the UK-based fintech app, offers *Stays*, a hotel and short-stay booking product, embedding accommo-

dation booking via Expedia Group within a banking-led interface.<sup>376</sup>

- Gojek, the Indonesia-based super-app for mobility and on-demand services, integrates travel booking via Go-Travel with Tiket.com, extending distribution through embedded partnerships rather than standalone travel tools.<sup>377</sup>

POTENTIAL OUTCOMES BY 2036:

- Lower customer acquisition costs through embedded distribution and partner channels.
- Faster path to scale through focused use cases with higher conversion.
- More defensible positioning through trust, data rights, and deep partner integration.



*We’ve been pro-technology from day one. We’re adding more AI engineers and moving them out of the technology department into operations. We now have AI experts embedded in customer service reporting to the head of customer service, not IT, and also placed in sourcing/procurement and operations.*

SALMAN ARAIN, FOUNDER AND CEO, UMRAH COMPANIONS



**2** Visa easing plus investor residency and regulated property pathways in Oman, Saudi Arabia, the UAE, Malaysia, Indonesia, Egypt, and Türkiye is enabling booking platforms, tour operators, and serviced-living providers to extend the customer lifecycle from trips to repeat stays.

As entry friction declines and longer-stay options, including investor residency and regulated property pathways, become more formalized, these businesses can evolve from transaction-led bookings to lifecycle models that capture value across planning, arrival, mobility, and in-destination living services. The strongest models will be modular and portable across markets, combining short-break and stopover bundles with long-stay tiers linked to serviced living, concierge, and property-related operating services.

**RELEVANT DEVELOPMENTS & PRECEDENTS:**

- Booking platforms are already productizing longer stays as a standard booking tier, with Booking.com promoting "monthly stays" at scale.
- Türkiye offers citizenship by investment through multiple routes, including buying government-approved real estate worth at least US\$ 400,000 (held for three years), depositing US\$ 500,000 in a Turkish bank for three years, investing US\$ 500,000 in a Turkish company's share capital, buying US\$ 500,000 in Turkish government bonds (held for three years), investing

via a real estate investment fund or venture capital investment fund (VCIF), or establishing/buying a business that creates at least 50 jobs for Turkish citizens.

- Egypt's Citizenship by Investment (CIP) program, launched in 2020, offers a path to citizenship through qualifying investment, including real estate purchases of at least US\$ 300,000, business establishment, or bank deposits. In 2023, Egypt approved a Residence by Investment Program (RBIP) offering renewable one- to five-year residence permits for investments starting from US\$ 50,000.

**POTENTIAL OUTCOMES BY 2036:**

- Higher lifetime value as repeat stays and long-stay tiers lift retention and share of wallet.
- More predictable revenue from recurring stay services, reducing reliance on peak seasons.
- Improved unit economics as modular products scale across markets, lowering cost-to-serve and acquisition costs.
- Higher margins and stronger partnerships by capturing more end-to-end spend beyond booking commissions.

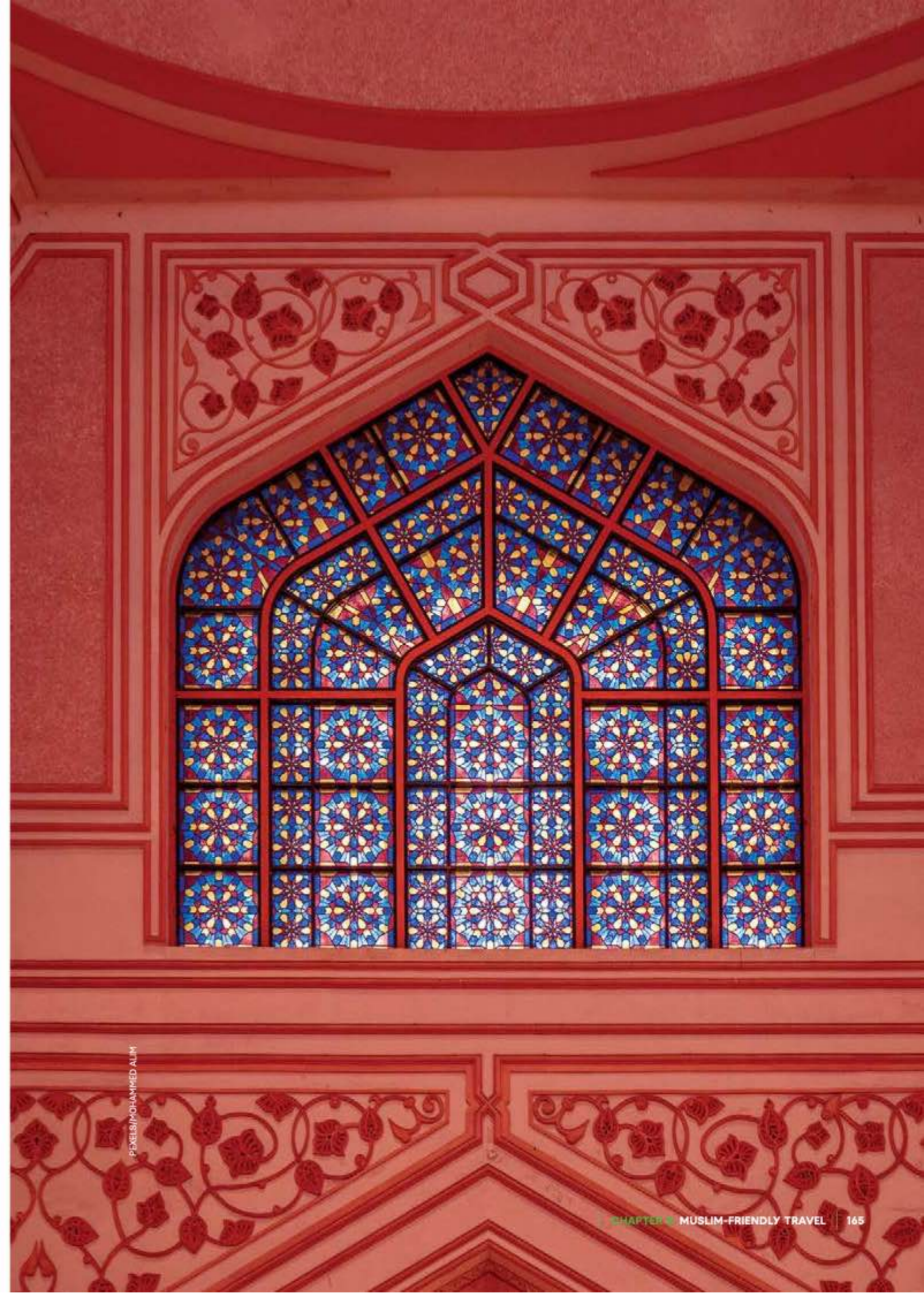
**CHALLENGES**

**1** Cross-market scaling is harder in long-stay services than in short-stay travel.

Long-stay and property-adjacent services are locally execution-heavy, requiring verified partners, maintenance networks, consistent service standards, and clear accountability. Scaling across countries materially increases operational and legal complexity; without tight controls, service inconsistency can erode margins and retention even when demand is strong.

**RISK:**

- Service quality variance across markets, weakening repeat stays and referrals.
- Liability and compliance exposure across property operations and consumer disputes.
- Margin leakage from fragmented vendor ecosystems and inconsistent standards.



PIXELS/MOHAMMED ALIM



CHAPTER

CHAPTER



# Modest Fashion



UNSPLASH/IVIV RACHMIDAN

# MODEST FASHION

ALL FIGURES IN US\$ BILLION, UNLESS STATED OTHERWISE

## CONSUMER POWER

Represented by **\$347 billion of consumer spending by 2 billion Muslims** on fashion products (2024). YOY growth 2023-24 of 6.2%, reaching **\$444 billion by 2029** (5.1% CAGR).



## TOP 5 MODEST FASHION CONSUMER MARKETS



## TRADE CORRIDORS

### TOP 5 COUNTRIES EXPORTING TO OIC



### TOTAL OF OIC IMPORTS

**\$43.24 billion**

Total of fashion imports to OIC\* countries

\*All estimates by DinarStandard. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2021 consumer data as baseline reference. Apparel exports are based on ITC Trademap 2024 data. Projections are based on data from JME Outlook from October 2025. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from Jan 2025 to Dec 2025.  
SEE APPENDIX FOR DETAILED METHODOLOGY

OIC: Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.

## INVESTMENT BUILDERS

● = 1 deal

Digital-native brands and platform-led growth are internationalizing modest fashion beyond its traditional markets.

**\$85 million**

Disclosed value for all 12 deals in 2025.



### TOP COUNTRIES BY TOTAL DEAL VALUE AND NUMBER OF DEALS

US\$ MILLION (2025)

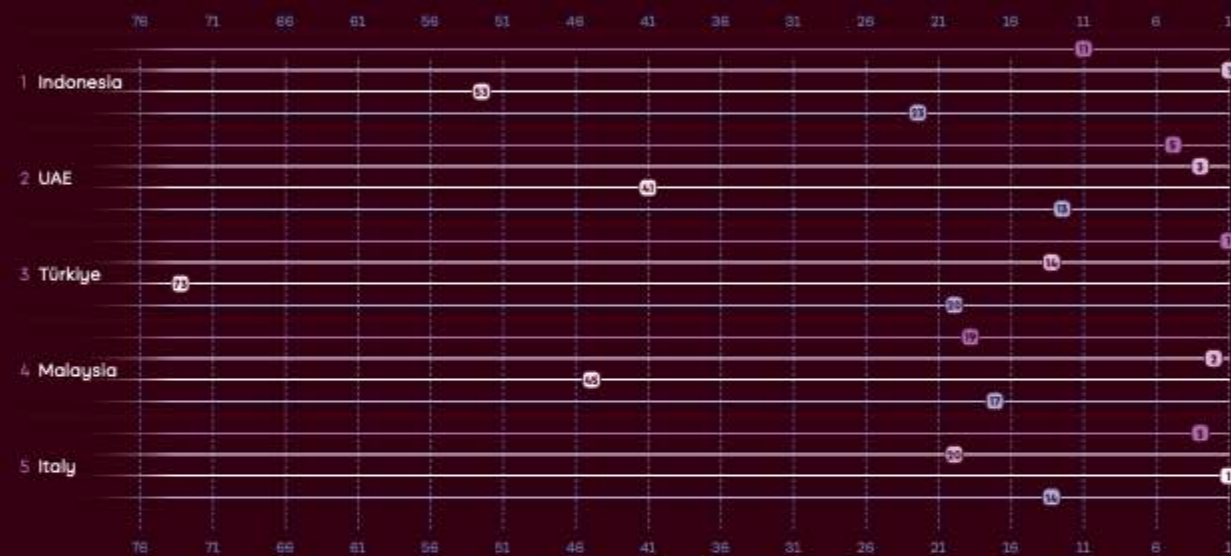


## SOVEREIGN INDEX

■ Financial ■ Awareness ■ Social ■ Innovation

### MODEST FASHION - GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2025)

(SEE CHAPTER 4 FOR DETAILS)



## KEY DEVELOPMENTS

Digital platforms are scaling modest fashion globally from regional brands to international runways, the category is crossing over.

- CONSUMER** ZALORA records 33% YoY growth in modest wear across SEA.
- ECOSYSTEM** New York Fashion Week adds first official modest fashion segment for 2026.
- INVESTMENT** Saudi Aya raises US\$1.6M seed for AI demand forecasting in modest fashion.
- INNOVATION** Gymshark launches first modest activewear collection with Leena Deeb.
- NATIONAL** Indonesia's MUFEST+ and ASIK program drive US\$134M in MSME transactions.

## SIGNALS OF OPPORTUNITIES

Five shifts redefining Modest Fashion's path to global scale.

IMPACT + Low + Moderate + High





# Modest Fashion

Global Muslim consumer spending on modest fashion reached approximately US\$ 347 billion in 2024, reflecting a 6.2% year-on-year increase, and is projected to grow to US\$ 444 billion by 2029, at a 5.1% CAGR.

**THIS SUSTAINED GROWTH UNDERSCORES** the continued expansion of modest fashion as a significant segment within the global apparel market, supported by strong demand across key markets including Iran, Türkiye, and Saudi Arabia.

Beyond its size, the sector is undergoing a structural shift. Modest fashion is transitioning from a niche, identity-driven category into a more integrated segment of the global fashion industry. Growth is increasingly shaped not only by consumer demand, but by how effectively brands and platforms embed modest fashion within mainstream retail environments, digital commerce ecosystems, and broader lifestyle propositions.

This shift is reflected in the increasing presence of modest fashion across established retail spaces, major shopping districts, and international fashion platforms. At the same time, the rise of social and livestream commerce—particularly in Southeast Asia—is reshaping how consumers discover and purchase products, reinforcing the importance of seamless, omnichannel engagement. In parallel, early-stage collaborations across sectors such as beauty, travel, and hospitality signal a gradual expansion toward lifestyle positioning, while emerging segments such as men’s modest fashion continue to gain visibility through showcases and brand experimentation.

At the same time, modest fashion consumers are becoming more discerning, with rising expectations around quality, design, and overall brand experience. Demand is increasingly shaped by consumers seeking products that integrate seamlessly into a global wardrobe, rather than distinct or occasion-based attire. This evolution is placing greater emphasis on brand positioning, product differentiation, and service delivery, while also encouraging brands to align with broader themes such as sustainability,

authenticity, and cultural relevance.

Investment and capital deployment within the sector are also becoming more strategic, with brands increasingly directing resources toward marketing, brand building, and digital capabilities to support scalable growth. However, the ability to translate visibility into sustained commercial outcomes remains uneven, particularly where growth is driven by event-based exposure rather than long-term market integration.

Taken together, these developments point to a sector that is expanding in scale while simultaneously evolving in structure. As modest fashion continues to integrate into mainstream fashion systems, future growth will depend on the ability of stakeholders to build commercially sustainable models that extend beyond awareness into consistent demand, brand equity, and global market penetration.

## 2025/26 Developments

### Updates on Revenue Developments

Sustainability- and values-driven creators increasingly translated modest fashion principles into commercially viable, digitally native brands.

- RRIPZ, an upcycled modest streetwear label founded by Ridwan Fadlu-Deen in the UK, scaled weekly made-to-order sales via TikTok, demonstrating how sustainability, modesty, and creator-led commerce are converging into viable business models.

E-commerce platforms in Southeast Asia continued to act as primary revenue engines for modest fashion, supported by festive demand and cross-border fulfillment.

- ZALORA recorded 33% year-on-year growth in its modest wear category, driven by Raya campaigns across Malaysia, Indonesia, and Singapore and enabled by integrated regional fulfillment centers.

OIC-origin modest fashion brands accelerated international expansion through physical retail, wholesale partnerships, and pop-up formats.

- Saudi womenswear label Leem opened its first permanent international boutique at Westfield London, building on prior pop-ups and wholesale partnerships to establish a long-term UK retail presence.
- Pakistani brand SAPPHIRE entered the UAE with its first store at City Centre Sharjah, extending its international footprint following expansion into the UK.
- Indian modest fashion brand Mashroo expanded its offline presence with five new stores across Mumbai and Hyderabad, reinforcing sustained domestic demand for modern modest wear.
- Indonesian label RiaMiranda launched in Singapore through a pop-up collaboration with BinaryStyle, using physical retail to test cross-border demand for culturally blended modest design.
- European modest fashion brand Les Atelier entered the Dutch market through a launch at De Bijenkorf in The Hague, strengthening modest fashion’s visibility within premium European department stores.

### REVENUE DEVELOPMENTS

#### Latest Projections

Muslim consumer spending on clothing and footwear reached US\$ 347 billion in 2024, reflecting 6.2% growth from US\$ 327 billion in 2023, and is projected to reach US\$ 444 billion by 2029, representing a 5.1% CAGR over the forecast period. Iran, Türkiye, and Saudi Arabia remain the largest modest fashion markets globally based on Muslim consumer spending.

*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.*

### INVESTMENT SUMMARY

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ MILLION)
Nigeria	Acquisition	Chautienda Store	66.9
Indonesia	Venture Capital	Dachin	16.7
Nigeria	Venture Capital	Yikodeen	1.5

SOURCE: VARIOUS SOURCES, DIARSTANDARD ANALYSIS

Mainstream and luxury brands increasingly positioned Ramadan and modest collections as repeatable commercial initiatives rather than symbolic gestures.

- Gymshark launched its first modest activewear collection in collaboration with fitness influencer Leana Deeb, responding to unmet demand for functional modest sportswear.
- Forever New, operated by Apparel Group, introduced dedicated Ramadan collections across Qatar and Kuwait, reinforcing the Gulf as a core growth market.
- Victoria's Secret released its first Ramadan collection, marking a significant entry of a global lingerie brand into culturally adapted modest design.
- Australian label Acler launched Ramadan capsule collections across the UAE, Kuwait, and Australia, citing the Middle East as its second-largest wholesale market.
- Luxury house Loewe released a Ramadan campaign featuring Gulf creatives alongside region-exclusive product drops, underlining the GCC's strategic importance for luxury brands.
- Indian designer Anita Dongre opened a Dubai store alongside a Ramadan edit tailored specifically for the GCC market, highlighting sustained luxury demand for modest silhouettes.

Collaborations emerged as a key mechanism for accessing new customer segments and embedding modest fashion into adjacent lifestyle categories.

- Business attire brand, G2000 partnered with Malaysian modest brand Tudung FAZURA to launch a professional-focused scarf collection integrated into its Spring/Summer 2025 range, targeting working women seeking stylish, office-appropriate modest wear solutions.



ZEGNA SUMMER 2026 Fashion Show



UNSPASH/RADEN PRASETYA

- Indonesian beauty brand Wardah collaborated with five fashion labels at MUFFEST 2025, reinforcing cross-sector integration between beauty and modest fashion ecosystems.
- Dubai-based label Bougessa collaborated with Jumeirah Group on a lifestyle-focused fashion capsule, signaling modest fashion's expansion into hospitality and experiential retail.

New product segments and functional innovations broadened the modest fashion market beyond traditional womenswear.

- Men's modest fashion gained visibility at Ramadan Runway 2025 in Indonesia, reflecting growing male consumer engagement.
- Zegna staged its first fashion show outside Italy in Dubai, highlighting the relevance of Gulf markets for luxury menswear aligned with modest aesthetics.

Investment activity and consolidation reflected growing confidence in the scalability of modest fashion business models.

- Saudi fashion technology startup Aya raised US\$ 1.6 million in seed funding to support demand forecasting and manufacturing integration within the modest fashion supply chain.
- Pakistan's UI Garments received regulatory approval to merge with J. (formerly Junaid Jamshed), forming one of the country's most significant modest fashion consolidations.

## OPERATIONAL DEVELOPMENTS

Social commerce and livestream-driven sales became central to modest fashion performance during key festive periods.

- TikTok Shop Malaysia reported a doubling of sales during its Raikan Raya 2025 campaign, with Muslim fashion among the top-performing categories.

Experiential retail and hybrid store concepts were increasingly used to deepen engagement and complement digital channels.

- Southeast Asian retailers, as highlighted in ZALORA's Southeast Asia TRENDER Report, expanded pop-ups, immersive events, and omnichannel strategies to meet demand for blended online-offline shopping experiences.
- Fashion retailers introduced cafés, restaurants, and activity-based formats to extend in-store dwell time, shaping experiential approaches relevant to premium modest fashion brands.
- Massimo Dutti launched a new store concept in London focused on elevated customer experience and a technologically integrated experience, reflecting broader industry shifts toward experiential, omnichannel retail.

Brands increasingly leveraged cultural ambassadors and influencers to strengthen relevance and visibility.

- Mashroo onboarded international cricket players and music figures as brand ambassadors, aligning modest fashion with sports and entertainment culture.

Digital infrastructure and automation increasingly shaped how fashion brands operate and scale.

- A survey by Storyblok found that e-commerce companies across the US and Europe continued to invest heavily in AI for customer service, marketing, content creation, and translation, reflecting a long-term operational shift toward digital efficiency despite only modest short-term performance gains.

Rising costs and supply chain pressures affected modest fashion affordability and purchasing patterns in several markets.

- In Ghana, higher prices for imported Islamic attire ahead of Eid reflected currency depreciation and supply chain pressures.
- In Pakistan, consumers increasingly shifted toward ready-to-wear modest fashion due to convenience and price sensitivity, reducing reliance on bespoke tailoring during festive periods.

## NATIONAL/TRADE DEVELOPMENTS

Total OIC fashion imports amounted to US\$43.2 billion in 2024, marking a 1.28% decline from the previous year. Rising production costs, inflation, and a consumer behavior shift away from fast fashion contributed to this correction.<sup>980</sup> Consumers are increasingly concerned with purchasing higher quality products and sustainability.

The largest products imported are knitted clothing, accounting for 36%. The UAE leads as the largest importer, with US\$ 9.53 billion. Türkiye and Saudi Arabia follow as the next largest importers. In the long run, OIC fashion imports are projected to rise to US\$ 67.01 billion by 2029, with a CAGR of 9.16%.

Fashion is the only halal product and lifestyle category where OIC countries have a trade surplus. Five OIC countries, Türkiye, Bangladesh, the UAE, Indonesia, and Egypt, are included in the top 10 exporters to the OIC. Globally, exports to the OIC are still dominated by China, leveraging its scale, cost efficiency, and strong logistics network, exporting US\$ 18.49 billion worth of fashion products to the OIC in 2024.

Indonesia continued to position modest fashion as a national priority through coordinated policy support, MSME development, and international promotion.

- Indonesia's Ministry of Trade, led by Budi Santoso, called for a strengthened modest fashion ecosystem to support domestic competitiveness and exports, highlighting MSME support programs that facilitated over US\$ 134 million in transactions while expanding international market access and export readiness for local fashion brands.

### OIC MODEST FASHION IMPORTS AND GROWTH (2024-2029)



SOURCE: DINARSTANDARD SYNTHESIS AND ANALYSIS



- Indonesia's Ministry of Creative Economy expanded coaching programs for modest fashion MSMEs, aiming to build export-ready capabilities and shift local brands from consumption-driven to outward-looking business models.
- Indonesia launched the ASIK (Creative Export Acceleration) Program, led by the Ministry of Tourism and Creative Economy, to strengthen export readiness across creative sectors including fashion by providing MSMEs with product curation, certification support, training, business matchmaking, and access to international exhibitions, reinforcing Indonesia's strategy to scale creative exports and improve global market penetration.
- MUFFEST+ 2025 and Road to IN2MOTIONFEST 2025 reinforced exhibitions and trade events as core tools to position Indonesia as a global modest fashion

hub, with sustainability and halal lifestyle narratives embedded into programming.

#### International showcases and fashion weeks expanded modest fashion's presence within mainstream global calendars.

- Modest Fashion Week marked its 10th edition in Abu Dhabi, reinforcing the UAE's role as a global convening hub for modest fashion.
- New York Fashion Week announced the introduction of its first official modest fashion segment for 2026, signaling a milestone in mainstream industry recognition.
- Multiple modest fashion brands from Indonesia, Russia, India, and Central Asia were showcased at Moscow Fashion Week 2025, including REBORN29 by Syukriah Rusydi, highlighting growing international visibility.

## ECOSYSTEM DEVELOPMENTS

### Representation of modest dress expanded across media, arts, and digital platforms.

- World Hijab Day was formally recognized by the State of New York, reinforcing institutional acknowledgment of hijab as a symbol of religious freedom.
- Apple expanded hijabi emoji options in iOS updates, reflecting growing mainstream digital representation.
- Cultural and academic projects, including De Montfort University's research on Muslim men's dress and *The Red Chador* exhibition in Bangkok, elevated modest fashion narratives within arts and scholarship.

### Policy, education, and workplace standards increasingly incorporated modest dress considerations.

- Istituto Marangoni officially announced the launch of a new campus in Riyadh, in strategic partnership with the Saudi Fashion Commission, significantly expanding local access to world-class and global fashion education.
- AirAsia updated its uniform policy to allow hijab across all routes, embedding religious accommodation into corporate standards.
- Saudi Arabia released a draft national workplace dress code formalizing modest attire requirements across sectors.
- UK-based modest fashion brand Sumayah Saadi joined TikTok's first SME Council, enabling modest

fashion entrepreneurs to engage in digital policy dialogue.

### Regulatory and rights-based challenges continued to shape the modest fashion environment.

- Kyrgyzstan enacted amendments restricting face-covering garments in public spaces, intensifying regional debates on religious expression.
- Tajikistan announced new state-issued dress guidelines for women under national culture frameworks.
- Headscarf bans and proposed restrictions in France, Belgium, and Nigeria highlighted ongoing access and inclusion challenges across education and sport.

## SOCIAL IMPACT DEVELOPMENTS

### Sustainability and functional innovation gained traction across religious and mainstream fashion contexts.

- Saudi Arabia's Sustainable Ihram Initiative, led by the Fashion Commission with Tadweem, introduced large-scale recycling of used ihrams to reduce pilgrimage-related textile waste.
- Saudia Airlines introduced a cooling ihram developed with Landor and brrr®, using temperature-regulating materials to enhance pilgrim comfort during Hajj while complying with Islamic dress requirements.
- London Fashion Week introduced mandatory sustainability requirements for participating brands, signaling a shift toward enforceable ESG standards.
- The International Sustainable Fashion Runway 2025 was announced for Abu Dhabi, positioning the city as a regional hub for ethical fashion.

### Accessibility and inclusive design gained prominence within fashion systems.

- A collaboration between Duke University's ALS Clinic and NC State explored adaptive fashion solutions for people with disabilities, highlighting unmet needs in accessible clothing.
- Designers at London Fashion Week introduced tactile and verbal presentation formats to improve accessibility for blind and visually impaired audiences.

### Circular and alternative consumption models continued to displace new clothing purchases.

- Research showed increasing adoption of repair and pre-loved clothing models, reducing demand for new garments.
- eBay relaunched its Endless Runway initiative, integrating pre-loved fashion into designer runway presentations.
- Depop reported growing substitution of second-hand purchases for new items, reinforcing resale as a structural shift.
- Gore-Tex, in partnership with Supercircle, launched a circular subscription model for children's clothing, testing scalable circularity in performance apparel.





UNSPLASH/ISTANISLAV



# SIGNALS OF OPPORTUNITIES

IMPACT: + Low + Moderate \* High MATURITY: ● Early ●● Intermediate ●●● Mature

1

## Expansion of livestream and social commerce as a key sales channel for modest fashion

Livestream commerce growth, especially in Southeast Asia, is changing how modest fashion brands engage consumers and boost sales. Successful campaigns like TikTok Shop Malaysia's Raikan Raya show the rising impact of real-time, content-driven commerce despite varied market adoption.

IMPACT: + MATURITY: ●●

2

## Broadening of modest fashion into a lifestyle-oriented brand proposition

Increasing collaborations between modest fashion brands and sectors such as beauty, sports, and hospitality signal a shift toward broader lifestyle positioning. Partnerships such as Gymshark's modest activewear collaboration illustrate early moves toward ecosystem-based brand building, though most remain campaign-led rather than embedded in long-term commercial models.

IMPACT: + MATURITY: ●●

3

## Normalization of modest fashion within mainstream retail and fashion platforms in non-OIC countries

The growing presence of modest fashion in mainstream retail and global fashion weeks in non-OIC markets signals normalization, with brand placements in European department stores and fashion week inclusion reflecting integration into core fashion infrastructure.

IMPACT: \* MATURITY: ●●●

4

## Rising visibility of men's modest fashion within international showcases

Men's modest fashion is gaining visibility in major showcases, particularly in the GCC and Southeast Asia. Fashion weeks and brand expansions signal early momentum, though activity remains largely branding-led rather than sustained commercial growth.

IMPACT: + MATURITY: ●●

5

## Potential demand shifts linked to evolving workplace dress regulations in Saudi Arabia

Proposed Saudi workplace dress code regulations signal potential demand shifts for modest professional wear, particularly among expatriate women, though as policies remain under consultation, market implications are still uncertain.

IMPACT: \* MATURITY: ●●

# Strategic Considerations by Stakeholders

Strategic considerations in modest fashion center on scaling brand-led growth, responding to shifting demand, and strengthening enabling ecosystems as the sector becomes more mainstream. Investors can support marketing-driven value creation and emerging demand, while businesses must deliver seamless omni-channel experiences and clear value propositions. Governments play a role in enabling digital trade, supporting SME development, and linking promotional initiatives to sustained commercial outcomes.

## INVESTORS

### OPPORTUNITIES

#### 1 Capital deployment into marketing and brand equity as a scalable growth lever.

Many emerging modest fashion brands are prioritizing brand development — particularly through influencer-led marketing, storytelling, and community engagement — as a core growth lever. In a crowded and increasingly competitive market, strong brand propositions are becoming a key differentiator that enables premium pricing, customer loyalty, and faster scale. For investors, brand strength is emerging as a critical indicator of a modest fashion company's ability to sustain growth beyond its initial niche and compete effectively in both domestic and international markets.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- US cosmetics brand Glossier scaled its community-led marketing model following multiple venture funding rounds, explicitly deploying capital into content creation, influencer partnerships, and digital community engagement to drive customer acquisition and brand loyalty. This marketing-first growth strategy underpinned Glossier's rapid valuation growth and positioned brand equity as a core driver of investor returns.<sup>381 382</sup>

- Global footwear and apparel company, Allbirds, used venture capital funding to accelerate global brand awareness and marketing expansion, investing in storytelling, sustainability-led brand positioning, and omnichannel marketing ahead of its public listing. The company has consistently cited brand-building investment as central to scaling demand and strengthening long-term enterprise value.<sup>383 384</sup>

#### POTENTIAL OUTCOMES BY 2036:

- Modest fashion brands that receive targeted investment in brand-building and customer engagement achieve stronger market positioning, expand internationally, and deliver higher returns to investors through scalable, brand-led growth models.

#### 2 Formalization of workplace dress standards creating new demand segments in Saudi Arabia.

Saudi Arabia's proposed formalization of workplace dress codes has the potential to structurally expand demand for modest professional wear, particularly among non-Saudi women seeking alternatives to traditional abayas. If implemented, this shift could create a distinct and under-served category for modest office wear, opening space for new brands and collections that combine professional aesthetics with modest design principles. For investors, this represents a regulation-driven demand unlock within one of the world's fastest-growing modest fashion markets.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Japan's "Cool Biz" campaign, launched by the Japanese government in the mid-2000s, encouraged companies to relax formal office dress codes during summer months to reduce energy consumption. The initiative led to a structural shift in workplace apparel demand, driving the growth of lighter, breathable business wear

and the expansion of business-casual product lines by major Japanese and international fashion brands. The policy is widely cited as an example of how government-led dress guidance can reshape consumer behavior and create sustained demand for new apparel categories.<sup>385 386 387</sup>

#### POTENTIAL OUTCOMES BY 2036:

- Modest fashion brands from across the OIC have successfully launched in the Saudi Arabian market, catering to the diverse needs of expats conforming to the dress code requirement.

### CHALLENGES

#### 1 Maintaining brand authenticity and modest positioning during scale.

As modest fashion brands grow, many face pressures to broaden their product offerings to appeal to mainstream consumers. While expansion can drive revenue, it also risks diluting the brand's original modest positioning. In some cases, brands choose not to explicitly identify as modest fashion labels, potentially weakening differentiation and alienating core consumers. For investors, this creates a strategic risk where growth may come at the expense of long-term brand clarity and defensibility.

#### RISK:

- If modest fashion brands are unable to scale while preserving a clear and credible modest identity, the sector risks producing fewer globally recognizable modest fashion leaders, limiting long-term value creation for investors.

*Marketing investment builds recognition, but storytelling builds trust. Without strategic brand building, even strong products struggle to scale.*

ESMA HMADOUCH, CO-FOUNDER OF LES ATELIER

*The largest investment needs for growing modest fashion brands is in brand building and marketing, particularly in storytelling, digital activation, and engaging with international influencers to strengthen brand positioning in new markets.*

YULIA WULANDARI (COMMERCIAL DIRECTOR) AND MARIA RESI NDARUASRI (HEAD OF SALES), RIAMIRANDA



PEBELS/IRON LACH

## GOVERNMENTS

### OPPORTUNITIES

#### 1 Using digital economy policy to enable social commerce and cross-border e-commerce.

Governments have an opportunity to support the growth of modest fashion by strengthening digital economy frameworks that enable social commerce and cross-border e-commerce. As consumer engagement increasingly shifts toward platform-led and livestream-enabled shopping, particularly among younger demographics, clear regulatory environments around digital payments, cross-border logistics, consumer protection, and data governance can reduce barriers for modest fashion brands seeking to scale online. By enabling SMEs to participate more effectively in digital trade, governments can expand market access, improve export readiness, and support the internationalization of modest fashion without direct market intervention.

#### 2 Supporting SME formalization and scale through targeted capability-building programs.

Given the SME-heavy structure of the modest fashion sector, governments can play a critical role in supporting formalization and scale through targeted capability-building initiatives. Programs focused on skills development, quality standards, digital readiness, financing preparedness, and export compliance can help modest fashion SMEs transition from informal or small-scale operations into competitive domestic and international players. By strengthening business fundamentals rather than directly subsidizing production, governments can foster a more resilient and professional modest fashion ecosystem aligned with broader creative economy and industrial development goals.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Singapore's Digital Economy Agreements (DEAs) have established frameworks covering cross-border data flows, digital payments, and e-commerce facilitation, lowering barriers for SMEs to engage in international digital trade, and serving as a model for enabling platform-led commerce across borders.<sup>388</sup>
- Indonesia's expansion of MSME digitalization programs, including support for onboarding SMEs onto e-commerce platforms and improving digital payment adoption, has been positioned by the government as a pathway to increase SME participation in domestic and cross-border online trade.<sup>389</sup>

#### POTENTIAL OUTCOMES BY 2036:

- Digital-first modest fashion brands are better positioned to access international customers, increase export participation, and scale efficiently across multiple markets through compliant and trusted e-commerce channels.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Indonesia's MSMEs CAN Export program, led by the Ministry of Trade, has supported over a thousand SMEs in accessing international buyers, demonstrating how structured government-led capability-building can translate into measurable export outcomes.<sup>390</sup>
- The UK's Creative Industries Sector Vision identifies fashion SMEs as priority beneficiaries of skills development, export readiness, and access-to-market program, illustrating how government capability support can strengthen creative sector competitiveness without direct market distortion.<sup>391</sup>

#### POTENTIAL OUTCOMES BY 2036:

- A larger base of formalized modest fashion SMEs with improved operational capacity contributes to employment growth, export diversification, and the development of nationally competitive fashion industries.

### CHALLENGES

#### 1 Over-reliance on events without sustained commercial follow-through

While government-backed fashion weeks, exhibitions, and showcases play an important role in visibility and cultural positioning, over-reliance on events without structured follow-through risks limiting long-term economic impact. Without mechanisms that connect participation to buyer access, financing, skills development, and post-event market entry, public investment may result in awareness gains without

sustained commercial outcomes. Ensuring that events are embedded within broader trade, SME support, and export strategies remains a key challenge for governments seeking measurable returns from fashion-related initiatives.

#### RISK:

- Public resources dedicated to fashion promotion may deliver limited economic value if not integrated into longer-term commercialization and scale pathways for participating brands.

“ *Social commerce has strong potential, particularly in markets where consumers are highly active on digital platforms and influenced by content and public figures, enabling faster conversion from discovery to purchase.* ”

“ *International fashion shows are effective for awareness and branding, but commercial outcomes such as buyer partnerships and distribution require significant follow-up, as these platforms do not always connect brands with the right commercial partners.* ”

YULIA WULANDARI (COMMERCIAL DIRECTOR) AND MARIA RESI NDARUASRI (HEAD OF SALES), RIAMIRANDA

## BUSINESSES

### OPPORTUNITIES

#### 1 Delivering seamless omni-channel and social commerce experiences.

As consumer expectations around convenience and accessibility continue to rise, modest fashion brands have an opportunity to differentiate through seamless omni-channel experiences that integrate online, offline, and social commerce touchpoints. The growing adoption of social shopping platforms, including livestream-led commerce, allows brands to meet customers where they already engage, reducing friction in the purchase journey. For modest fashion brands, effectively integrating channels such as e-commerce, physical retail, and social platforms can strengthen customer loyalty and improve competitiveness against larger mainstream players.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- US retail giant Macy's reported improved same-store sales and customer engagement after enhancing its omni-channel experience by integrating physical stores, mobile app features, and online platforms to create a friction-reduced shopping journey, reflecting how today's consumers reward cohesive multi-touchpoint experiences.<sup>392</sup>

#### POTENTIAL OUTCOMES BY 2036:

- Modest fashion brands that successfully integrate omni-channel and social commerce capabilities build stronger customer relationships, improve conversion rates, and sustain growth across multiple sales channels.

#### 2 Leveraging university partnerships to accelerate cost-efficient product innovation.

Modest fashion brands can strengthen product differentiation through R&D partnerships with universities and textile research institutions. These collaborations provide access to advanced materials, technologies, and expertise, enabling the development of innovative, functional products while managing costs and enhancing competitive positioning.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- MIT Media Lab and Central Saint Martins have partnered with fashion brands on textile innovation, demonstrating how collaboration can accelerate

material development and product differentiation.<sup>393 394</sup>

- Nike works with universities and research labs to develop proprietary fabric technologies, highlighting how external partnerships can strengthen product performance while controlling development costs.<sup>395</sup>

#### POTENTIAL OUTCOMES BY 2036:

- Modest fashion brands focus on creating products that cater to functional and comfort requirements, while also innovating with unique materials to boost competitiveness and enhance the sector's innovation landscape.

### CHALLENGES

#### 1 Demonstrating clear value propositions amid price competition.

Smaller modest fashion brands often face difficulty competing on price with global fast fashion players that benefit from scale efficiencies. As a result, customers increasingly expect clear justification for higher price points, whether through superior quality, design, ethical sourcing, or customer experience. Without a clearly articulated value proposition, brands risk limiting their appeal to a narrow segment of loyal consumers.

#### RISK:

- If modest fashion brands are unable to convincingly communicate and deliver value beyond price, growth may remain constrained and confined to niche customer bases.

“ *Consumers want to understand the values behind the brand, the design philosophy, and the intention behind each collection.* ”

ESMA HMADOUCH, CO-FOUNDER OF LES ATELIER

“ *Consumers expect a seamless integration between online and offline channels, where they can discover products on social media and purchase them either digitally or in-store, with consistent visuals and brand experience throughout.* ”

YULIA WULANDARI (COMMERCIAL DIRECTOR) AND MARIA RESI NDARUASRI (HEAD OF SALES), RIAMIRANDA



SHUTTERSTOCK/ARMY PICCA



CHAPTER

CHAPTER

# 10

## Halal Pharmaceuticals





# HALAL PHARMACEUTICALS

ALL FIGURES IN US\$ BILLION, UNLESS STATED OTHERWISE

## CONSUMER POWER

Represented by **\$112 billion of consumer spending by 2 billion Muslims** on pharma products (2024). YOY growth 2023-24 of 4.3%, reaching **\$146 billion by 2029** (5.4% CAGR).



## TOP 5 HALAL PHARMACEUTICALS CONSUMER MARKETS



## TRADE CORRIDORS

### TOP 5 COUNTRIES EXPORTING TO OIC



### TOTAL OF OIC IMPORTS

**\$53.4 billion**

Total of pharmaceutical imports by OIC\* countries

\*All estimates by DinarStandard. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2021 consumer data as baseline reference. Pharma exports are based on ITC Trademap 2024 data. Projections are based on data from IMF Outlook from October 2025. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from Jan 2025 to Dec 2025. SEE APPENDIX FOR DETAILED METHODOLOGY. OIC: Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.

## INVESTMENT BUILDERS

● = 1 deal

Capital is shifting halal pharma from import dependence toward localized production and sovereign capability.

**\$650 million**

Disclosed value for all 38 deals in 2025.

### TOP COUNTRIES BY TOTAL DEAL VALUE AND NUMBER OF DEALS

US\$ MILLION (2025)

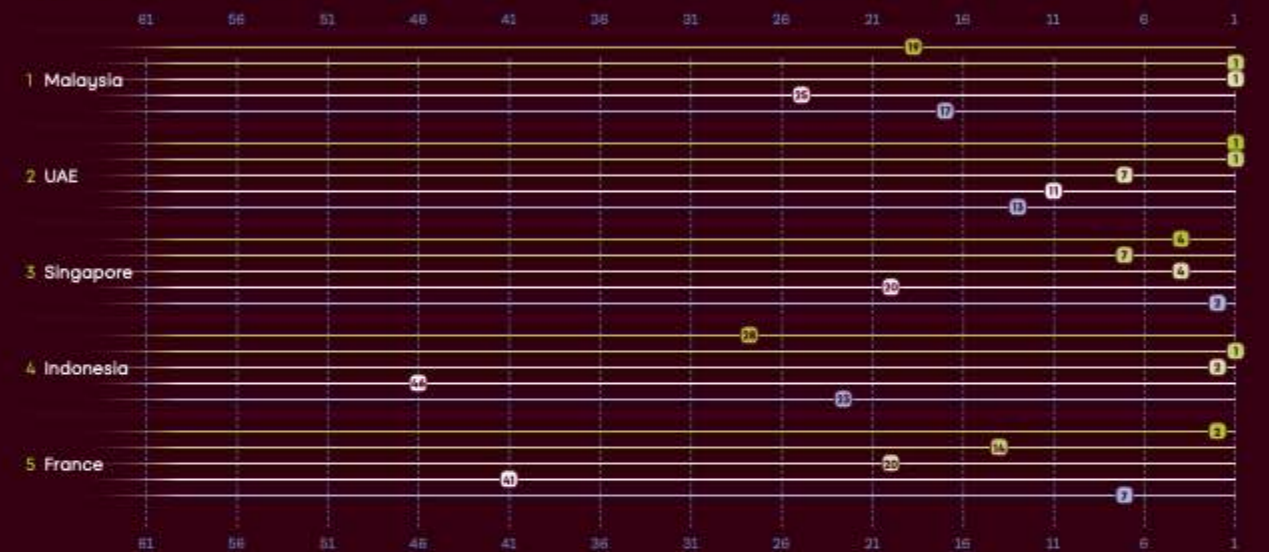


## SOVEREIGN INDEX

■ Financial ■ Governance ■ Awareness ■ Social ■ Innovation

### HALAL PHARMACEUTICALS – GLOBAL ISLAMIC ECONOMY INDICATOR (GIE) RANKING (2025)

(SEE CHAPTER 4 FOR DETAILS)



## KEY DEVELOPMENTS

Halal pharma is building the production capability to serve the world's largest underserved health market.

- 1 INVESTMENT** Saudi Arabia announces US\$33B+ in healthcare deals at Global Health Exhibition.
- 2 INNOVATION** Malaysia's Pharmanlaga nears world's first halal-certified human insulin production
- 3 ECOSYSTEM** GCC longevity and preventive health hub valued at US\$9-13B, UAE leading.
- 4 TRADE** Bangladesh pharma exports unaffected by US tariffs, generics resilience confirmed.
- 5 SUPPLY CHAIN** Indonesia launches first domestic CT-scanner facility via Kalbe and GE HealthCare.

## SIGNALS OF OPPORTUNITIES

Five shifts redefining halal pharmaceuticals, from local production to sovereign capability.

IMPACT + Low + Moderate + High





# Halal Pharmaceuticals

The halal pharmaceutical sector is undergoing a structural shift in 2025/26, moving from a compliance-driven, import-reliant market into a capability-led, strategically positioned industry within a rapidly evolving global health order.

**MUSLIM MARKETS ARE SCALING** local manufacturing, expanding cross-border partnerships, and advancing traditional medicine toward mainstream, regulated integration. At the same time, demand is moving upmarket into specialty therapeutics such as oncology, as well as prevention and longevity.

Operationally, the sector is modernizing as countries institutionalize evidence-based traditional medicine through national strategies, standardized training, and hospital-based delivery models. Healthcare systems are also expanding beyond pharmaceuticals into integrated care models, reflecting a broader diversification of the halal health ecosystem. These developments signal a transition toward more holistic, scalable, and systemized healthcare delivery across Muslim Markets.

In parallel, national trade and industrial policy are reshaping the competitive landscape. Governments are advancing halal pharmaceutical hub strategies, strengthening vaccine and biologics manufacturing alliances, and leveraging major health platforms to drive deals, financing, and cross-border collaboration. This reflects a growing emphasis on health sovereignty and intra-OIC trade, as countries build the production base, regulatory alignment, and partnership ecosystems needed to reduce import dependence.

Innovation is emerging as a key differentiator, led by Gulf hubs investing in AI-enabled drug discovery, advanced manufacturing, and halal-by-design product development. These capabilities are accelerating the shift from adoption to localized innovation and export readiness, enabling Muslim Markets to move up the value chain. At the same time, Shariah-compliant healthcare options are expanding through halal-certified products and substitution roadmaps, strengthening trust and market accessibility.

Alongside growth and innovation, social impact and governance are becoming central to the sector's evolution. OIC Countries are scaling humanitarian healthcare delivery, strengthening immunization and health-security financing, and advancing frameworks for responsible AI in healthcare. Together, these developments reflect a maturing halal pharmaceutical ecosystem—where resilience, ethical governance, and system-building are aligning with innovation to shape a more competitive and trusted global health presence.

## 2025/26 Developments

### Latest Projections

Muslim consumer spending on pharmaceuticals reached US\$ 112 billion in 2024, reflecting 4.3% growth from US\$ 107 billion in 2023, and is projected to reach US\$ 146 billion by 2029, representing a 5.4% CAGR over the forecast period. Türkiye, Saudi Arabia, and the United States remain the largest pharmaceutical markets globally by Muslim consumer spending.

*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

Despite dependency in trade value, OIC and GCC are scaling local manufacturing and partnerships to capture more value and reduce import reliance.

- According to OIC (2025) only 15-member countries exported vaccines, led by Indonesia at US\$ 182 million, while several others recorded minimal exports value, highlighting persistent dependence on external supply and gaps in regional vaccine self-sufficiency.<sup>396</sup>
- Julphar, in collaboration with global partners, plans to invest AED 300 million (US\$ 81.7 million) over five years to expand manufacturing capacity and localize advanced pharmaceutical technologies.<sup>397</sup>
- Globalpharma—Dubai Investments' pharmaceutical subsidiary—signed four strategic MoUs with partners from Jordan, Egypt, Spain, and Canada to advance technology transfer, product licensing, supply agreements, and localized manufacturing.<sup>398</sup>
- At the Global Health Exhibition (GHE) 2025 in Riyadh, Saudi Arabia announced healthcare agreements valued at over US\$ 33 billion. This milestone underscores the country's commitment to establishing itself as a leading global and regional healthcare investment hub in alignment with Vision 2030.<sup>399</sup>

### REVENUE DEVELOPMENTS

In 2025, Muslim Markets—including key GCC hubs—pushed the halal pharmaceutical value chain upmarket: scaling local manufacturing and cross-border partnerships, moving traditional medicine toward WHO-backed mainstream integration, attracting more funding and commercialization support, navigating new trade-policy shocks, and accelerating oncology access through new launches and collaborations. Together, these developments reflect a pivot from import-dependent consumption to capability-led growth—where regulatory legitimization, capital formation, and targeted trade alignment are shaping more resilient, higher-value OIC pharmaceutical ecosystems and opening new revenue pools beyond basic generics into specialty therapies and formalized traditional medicine.

### INVESTMENT SUMMARY

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ MILLION)
Malaysia	Private Equity	Bionexus Gene Lab	500
Libya	Venture Capital	Preventive	30
United Arab Emirates	Private Equity	Dr. Michael's Dental Clinic	25
Malaysia	Private Equity	Agape ATP	23
Egypt	Venture Capital	Nawah Scientific	23

SOURCE: VARIOUS SOURCES, DINARSTANDARD ANALYSIS

**WHO-backed integration is unlocking new OIC revenue pools in traditional medicine.**

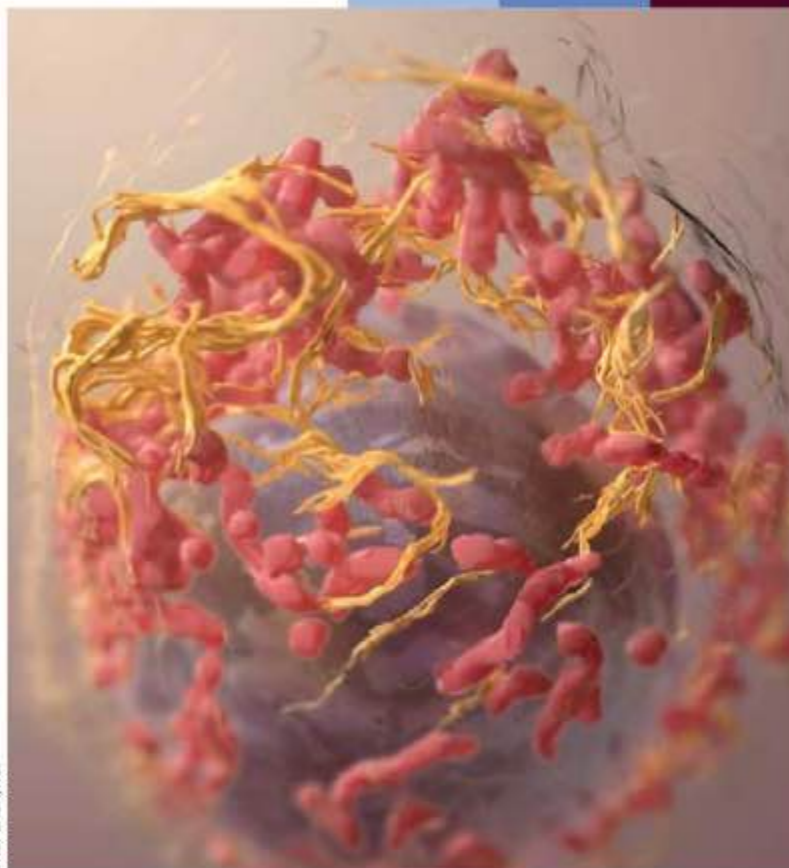
- Traditional medicine in Islamic countries spans diverse legacies—from Indonesia’s jamu and South Asia’s Unani to Arab-Islamic healing practices and African herbal traditions—creating a broad base for formalization and commercialization.<sup>400</sup>
- WHO’s Global Traditional Medicine Strategy 2025–2034 highlights traditional medicine’s role in chronic disease prevention and ageing-care, with global demand forecast to rise from US\$ 213.8 billion (2025) to US\$ 359.3 billion (2032).<sup>401</sup>
- WHO leaders are pushing stronger integration of traditional medicine into primary healthcare through scientific validation, patient safety, and shared standards to expand workforce capacity and unlock new research pathways.<sup>402</sup>
- The Delhi Declaration (endorsed by 26 WHO Member States) signals a shift from recognition to implementation, committing countries to integrate traditional medicine into primary care, strengthen regulation, invest in research, and build interoperable data systems.<sup>403</sup>

**Funding and commercialization platforms are accelerating scale-up across pharmaceuticals and biotech.**

- Selangor’s Life Sciences Accelerator Program 2025 selected 21 biotech/health-tech startups for a four-month commercialization push with mentorship, regulatory, and funding support of up to MYR 1 million (equivalent to US\$ 247 thousand) per company.<sup>404</sup>
- Malaysia’s Big Caring Group is considering a 2026 IPO at up to MYR 20 billion (US\$ 4.9 billion) valuation, leveraging more than 600 store footprints to build a vertically integrated, regionally scalable platform.<sup>405</sup>
- Juvenescence raised US\$ 76 million (first tranche of Series B-1) led by Abu Dhabi-based M42 to advance an AI-enabled clinical pipeline for age-related and life-threatening diseases, with a second close expected in Q3 2025.<sup>406</sup>
- Saudi procurement leader NUPCO signed SAR 2.5 billion (US\$ 666 million) in financing agreements with three partners to expand supplier and SMEs liquidity, while preparing a digital healthcare marketplace to streamline procurement and financing in Q1 2025.<sup>407</sup>

**Tariffs and trade agreements impact pharmaceutical trade dynamics across OIC markets.**

- Malaysia’s October 2025 Agreement on Reciprocal Trade (ART) with the US allows recognition of US FDA approvals without additional local authorization, supporting growth of the pharmaceutical trade from US\$ 3.8 billion (2025) to US\$ 5.2 billion (2029).<sup>408</sup>
- Bangladesh’s pharmaceutical exports are unaffected by the US 100% tariff on branded/patented medicines because Bangladesh exports only generics, reinforcing its position as a resilient supplier of affordable, patent-free drugs.<sup>409</sup>



UNSPLASH/NC

**Oncology therapies are expanding rapidly, supported by innovative launches and industry partnerships.**

- According to IQVIA Institute (2025), oncology is projected to lead absolute growth through 2029, with global cancer spending rising from US\$ 252 billion in 2024 to US\$ 441 billion in 2029, driven by a forecasted CAGR of 11–14%.<sup>410</sup>
- Mubadala Bio inaugurated a high-potency facility in Abu Dhabi and launched advanced oncology medicines—including locally produced branded generics—supporting production of high-potency oncology and hormone drugs to international standards.<sup>411</sup>
- Indonesia’s Etana received BPOM (Indonesia’s FDA) approval for BeiGene-developed oncology therapies Tislelizumab (ETAPIDI®) and Zanubrutinib (BRUKINSA®), expanding access while laying groundwork for future technology transfer and local production.<sup>412</sup>

**OPERATIONAL DEVELOPMENTS**

**Traditional medicine is being formalized through regulation, training, and integration into health systems.**

- Qatar University convened an Arabic-led international conference with scholars, clinicians, policymakers, and WHO representatives to advance frameworks for integrating complementary medicine rooted in Islamic civilization into modern healthcare.<sup>413</sup>

- Nigeria’s Ministry of Health launched a national roadmap in 2025—including a Strategic Plan of Action and a Code of Ethics—to standardize, regulate, and integrate traditional medicine through expanded TCAM units.<sup>414</sup>
- Afghanistan’s Ministry of Public Health initiated its first standardized traditional medicine curriculum to professionalize practitioners and enable safer, more regulated integration through MoPH-affiliated institutions before broader rollout.<sup>415</sup>
- Türkiye has moved therapies such as cupping, leeching, acupuncture, and ozone therapy into regulated hospital settings in 66 provinces under licensed physicians, supported by Ministry-led certification and clinical guidelines for safety and hygiene.<sup>416</sup>

**Supply-chain infrastructure and localization of devices/biologics are improving resilience and delivery speed.**

- DHL opened a dual-certified cold-chain hub at KLIA Malaysia, improving compliant cross-border handling of pharmaceuticals, biologics, and vaccines across Asia-Pacific.<sup>417</sup>
- Indonesia launched its first domestic CT-scanner manufacturing facility via Kalbe’s Forsta and GE HealthCare, shortening supply chains and speeding delivery of critical diagnostics to hospitals nationwide.<sup>418</sup>
- MS Pharma inaugurated a US\$ 50 million biologics facility in Riyadh built to EMA and US FDA standards, integrating fill-finish, lyophilization, and in-house bio-analytics to cut overseas testing and accelerate time-to-market for complex biologics.<sup>419</sup>

**API localization is becoming a strategic operational priority to reduce import dependence and cost risk.**

- Experts warn Bangladesh’s heavy reliance on imported APIs could threaten affordability and supply security after its 2026 LDC graduation, prompting calls for incentives, faster approvals, and reliable energy support for the Munshiganj API park.<sup>420</sup>
- Bangladesh also faces a TRIPS deadline risk as stalled drug registrations could exclude products from the patent waiver, with reports warning essential medicines like insulin could become far more expensive once the waiver ends.<sup>421</sup>
- Egypt strengthened resilience by scaling local manufacturing—hosting 170 factories with 91.3% self-sufficiency—while localizing 129 medicines and planning production of 400 APIs to reduce import exposure and foreign-exchange pressure.<sup>422</sup>

**Longevity and preventive-tech are expanding the operational footprint beyond pharmaceuticals.**

- According to Kline+Company (2025), consumer adoption of infrared saunas, cold plunges, cryotherapy, IV therapy, red-light therapy, and wearables is rising as demand shifts toward preventive and optimization-focused care. This shift highlights the increasing consumer preference for technology-driven wellness solutions.<sup>423</sup>

- The GCC is emerging as a longevity and preventive-health hub valued around US\$ 9–13 billion, driven by private healthcare innovation, luxury hospitality, and medical tourism, with the United Arab Emirates contributing an estimated US\$ 4–6 billion.<sup>424</sup>
- Abu Dhabi has licensed Pura Longevity Clinic under a Healthy Longevity Medicine Centres framework, using AI-driven personalization and integration with platforms like Malaffi to enable proactive diagnostics and ongoing virtual coaching.<sup>425</sup>

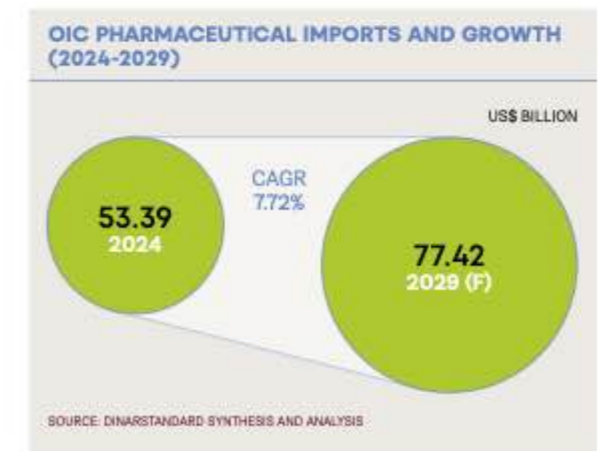
**NATIONAL/TRADE DEVELOPMENTS**

In 2025, halal pharmaceutical markets strengthened national and trade momentum by expanding vaccine manufacturing alliances across Asia–GCC–Africa, advancing halal/pharmaceutical hub strategies through industrial policy and bilateral partnerships, and using major health convenings to drive deals, financing, and cross-border collaboration. These developments reflect a shift toward capability-led, trade-enabled health sovereignty—where OIC Countries are building the production base, standards alignment, investment pipelines, and partnership platforms needed to move from import dependence to higher-value intra-OIC and Global South healthcare trade.

Pharmaceutical imports across the OIC reached US\$ 53.39 billion in 2024. The largest imported category was medicines, accounting for 67.9%, followed by blood, vaccines, and medical biology products at 23.8%.

Over the next five years, pharmaceutical imports are projected to increase to US\$ 77.42 billion by 2029, reflecting a CAGR of 7.72%. Saudi Arabia, the United Arab Emirates, and Türkiye lead OIC pharmaceutical imports at US\$ 9.15 billion, US\$ 6.42 billion, and US\$ 5.43 billion, respectively. Saudi Arabia is the largest importer, driven by population growth and the rising prevalence of chronic lifestyle diseases, particularly in gastroenterology, dermatology, and ophthalmology.<sup>426</sup>

Among the top suppliers to the OIC, Germany leads with US\$ 7.07 billion, followed by the United States at US\$ 5.93 billion and France at US\$ 4.97 billion. No OIC country ranks among the top 10 suppliers to the OIC market, highlighting



the bloc's continued reliance on non OIC pharmaceutical producers. Within intra OIC exports, Jordan ranks 15th globally with exports valued at US\$0.93 billion, followed by United Arab Emirates in 16th place at US\$0.85 billion and Türkiye in 17th place at US\$0.81 billion.

**Regional vaccine manufacturing alliances are expanding trade capacity and health sovereignty.**

- Bio Farma represents 9% of global vaccine volumes, reinforcing Indonesia's position as a leading OIC vaccine supplier.<sup>427</sup>
- The Africa CDC-backed Manufacturing Forum (Feb 2025) called for demand certainty via offtake commitments for African-made vaccines and urged international procurers to source at least 30% of Africa-bound health products from African manufacturers.<sup>428</sup>
- AVMA enabled an EVA Pharma-led consortium with partners from France and Belgium to build Africa's first

end-to-end mRNA platform capable of producing up to 100 million RNA-based vaccine doses annually.<sup>429</sup>

- WHO Africa and IVI signed an MoU to accelerate vaccine research, manufacturing, and regulatory harmonization while strengthening technology transfer and workforce development across Africa.<sup>430</sup>
- Bio Investments Group (BIG) and IVI agreed to combine investment and infrastructure development with vaccine research and development, and WHO prequalification expertise to expand local manufacturing and clinical evidence generation in Africa and the Middle East.<sup>431</sup>
- The Department of Health in Abu Dhabi and Sanofi signed a Memorandum of Understanding (MoU) to strengthen manufacturing and regulatory readiness while utilizing Abu Dhabi's health-tech and research ecosystem to expedite the development of new vaccines.<sup>432</sup>

- Egypt launched the Egyptian Vaccine Manufacturers Alliance (EVMA) with a 2024–2030 strategy focused on contracting, technology transfer, and AU-aligned export expansion to grow African exports and reduce vaccine import costs.<sup>433</sup>

**National industrial strategies and bilateral partnerships are positioning countries as halal/pharmaceutical hubs.**

- Saudi Arabia and France signed agreements spanning biotechnology, digital health, and AI-enabled healthcare to enable joint research, technology transfer, and co-development aligned with Vision 2030.<sup>434</sup>
- Indonesia's Ministry of Industry partnered with China's FDSA to reinforce Indonesia's role in the global halal industrial supply chain and accelerate its ambition to become a global halal industrial center spanning pharmaceuticals and cosmetics.<sup>435</sup>
- Uzbekistan and Bangladesh advanced discussions on joint ventures, private investment, and contract manufacturing via platforms such as Tashkent Pharma Park, signaling deeper South-South industrial collaboration.<sup>436</sup>

**Trade exhibitions and convenings are accelerating OIC/Africa deal flow, investment, and collaboration.**

- The 5th OIC Health Exhibition and 10th Dakar International Exhibition 2025 in Senegal spotlighting manufacturing capability, regulatory readiness, and investment opportunities.<sup>437</sup>
- Abu Dhabi Global Health Week 2025 drew 14,290 visitors and concluded 33 strategic agreements, including launches of the HELM (Health, Endurance, Longevity, and Medicine) cluster.<sup>438</sup>
- Global Health Exhibition 2025 positioned Saudi Arabia as a global marketplace for healthcare investment and innovation, reinforcing its role as a convener for partnerships and system transformation under Vision 2030.<sup>439</sup>

- SMIIC's Technical Committee 16 (TC16) is advancing the next phase of halal pharmaceutical standardization by developing Halal Pharmaceuticals—Part 2: Requirements for Biopharmaceuticals/Vaccines, which is currently at the committee stage as of January 2026.<sup>443</sup>

- Türkiye passed Law No. 7557, formally elevating the Pharmaceutical Tracking System (İTS) into a statutory framework, mandating QR-code based real-time reporting from pharmacies and warehouses to strengthen pharmaceutical supply chain transparency.<sup>444</sup>
- Indonesia's LPPOM MUI Laboratory proposed an AOAC SEA Halal Testing Harmonization Working Group and dispute-resolution guidelines to enable consistent cross-border halal testing decisions.<sup>445</sup>
- SFDA Academy, OIC, and WHO convened an ML4 benchmarking workshop for 200 specialists from 57 OIC Countries, with SFDA sharing its WHO GBT Maturity Level 4 journey.<sup>446</sup>
- INHART, NIBM, and MOSTI convened a high-level forum on halal human vaccine development<sup>447</sup>, aligning science with Shariah governance consideration, advancing Malaysia's strategy to become a global hub for halal-compliant vaccines.

**Advanced therapeutics and high-tech research and development partnerships are strengthening the ecosystem for next-generation medicine.**

- OIC-COMSTTECH and Ningbo University launched a joint training program to develop hands-on expertise for OIC researchers in biomedicine, pharmaceuticals, and AI as enabling skills for next-generation drug innovation.<sup>448</sup>
- King Faisal Specialist Hospital and Research Centre (KFSHRC) and US-based Cellenkos signed a May 22, 2025 MOU to advance Treg cell therapies and expand clinical research, while also supporting Saudi capability-building for local cell and gene therapy manufacturing, training, and education.<sup>449</sup>
- South Korea's Daewoong/CGBio expanded collaboration with the University of Indonesia to localize device production, research and development, including a new Cikarang manufacturing facility starting Dec 2025 for products like bone graft substitutes and coronary stents.<sup>450</sup>

**TCIM and natural-product innovation are being formalized through global frameworks and OIC scientific collaboration.**

- In 2025, WHO launched the Global Traditional Medicine Strategy 2025–2034 and the first global TCIM dashboards and a framework to strengthen evidence, safety, and integration into universal health care.<sup>451 452</sup>
- COMSTTECH and Azerbaijan's Institute of Botany held an international workshop to deepen joint capacity in medicinal plants, phytochemistry, natural products, and evidence-based traditional medicine innovation.<sup>453</sup>



**ECOSYSTEM DEVELOPMENTS**

**OIC pharmaceuticals and halal testing regulatory frameworks are strengthening through harmonization, capacity building, and shared safety systems.**

- At the 8th Islamic Conference of Health Ministers in Amman, OIC Countries adopted Resolution No. 4/8-ICHM calling for stronger national pharmaceutical industries, reliable supplies of essential medicines/vaccines, deeper public-private and intra-OIC collaboration.<sup>440</sup>
- OIC drug regulators adopted the Riyadh Declaration to advance regulatory harmonization, strengthen post-market surveillance, combat counterfeit medicines, and accelerate digitalization in oversight systems.<sup>441</sup>
- SMIIC delivered its first private-sector training in January 2025 on OIC/SMIIC 50-1:2022 Halal Pharmaceuticals, bringing together 25 participants from 11 countries to build industry readiness.<sup>442</sup>

- Indonesia's Ministry of Health has launched a strategic initiative to accelerate development toward national phytopharmaceutical standards by leveraging the country's vast biodiversity.<sup>464</sup>

## INNOVATION DEVELOPMENTS

AI-driven discovery and innovation platforms are accelerating drug development.

- United Arab Emirates-based Insilico Medicine used its Biology42 platform to generate more than 5,000 novel GLP1R-targeting peptides in 72 hours, narrowing to 20 candidates and validating 14 active molecules including three with single-digit nanomolar potency.<sup>465</sup>
- Saudi NanoPalm and Canada's Rakovina signed an LOI to form a joint venture combining Deep Docking™ discovery with AI-engineered patterned lipid nanoparticles (pLNP) to develop precision oncology therapies.<sup>466</sup>
- Abu Dhabi launched the HELM cluster at ADGHW 2025 to operationalize an end-to-end AI-led life sciences platform that links discovery, clinical development, regulatory alignment, investment, and commercialization in one coordinated ecosystem.<sup>467</sup>

Halal-certified products and halal substitution are expanding compliant healthcare options.

- Malaysia's Pharmaniaga expects to become the world's first producer of halal-certified human insulin, pending the completion of a halal certification process currently underway per October 2025.<sup>468</sup>
- Oneject Indonesia introduced the world's first halal-certified syringe at IJHF 2025 after BPJPH certified its full syringe portfolio.<sup>469</sup>
- Bio Farma secured BPJPH halal certification for its HPV vaccine NusaGard, reinforcing halal integrity across production and strengthening public confidence in Shariah-compliant immunization.<sup>470</sup>
- Duopharma Biotech received JAKIM halal certification for a biosimilar anaemia treatment used in chronic renal failure patients on haemodialysis/predialysis.<sup>471</sup>
- A World Halal Summit 2025 paper, written by Mohammed Ali Alsheikh (SMIIC), proposed a Pareto-based halal pharmaceutical roadmap prioritizing oral tablets/capsules to deliver the largest compliance gains with the least complexity.<sup>472</sup>

Advanced manufacturing technologies are enabling next-generation care and production.

- King Faisal Specialist Hospital used patient-specific 3D-printed surgical guides for complex femur tumor removal, improving precision, preserving the limb, and enabling immediate mobility through customized templates and advanced prosthetics.<sup>473</sup>
- NEOM signed an MoU with WuXi AppTec to explore localizing research and development, and advanced biomanufacturing via CRDMO facilities at Oxagon,

aligning knowledge transfer and global platforms with Saudi Arabia's National Biotech Strategy and Vision 2030.<sup>464</sup>

## SOCIAL IMPACT DEVELOPMENTS

Humanitarian medical aid is strengthening crisis health-care delivery and emergency supply chains.

- QFFD and Qatar Red Crescent launched a two-year initiative to operate and expand the Cox's Bazar field hospital, delivering emergency, MCH, reproductive health, dental, and psychosocial services for 150,000+ Rohingya refugees.<sup>465</sup>
- Qatar Charity delivered large-scale humanitarian support across Sudan—including hundreds of tons of aid, establishment of a camp serving 27,000+ displaced people, and health supplies.<sup>466</sup>
- KSrelief delivered 25 truckloads of emergency medical supplies to hospitals and health centers in southern Gaza to address critical shortages and sustain frontline treatment capacity.<sup>467</sup>
- The United Arab Emirates, in coordination with WHO, delivered essential medicines and medical supplies to Gaza under Operation Chivalrous Knight 3, including multiple truckloads to Nasser Medical Complex in Khan Younis via the Palestinian Ministry of Health.<sup>468</sup>

Immunization funding and health security financing are scaling long-term protection systems.

- Global leaders convened in Abu Dhabi and pledged US\$ 1.9 billion to support polio eradication and strengthen primary health systems, including vaccination for 370 million children annually.<sup>469</sup>
- At TICAD9, Japan committed up to US\$ 550 million to support Gavi's 2026–2030 strategic period, reinforcing Africa's immunization systems and vaccine delivery with predictable financing.<sup>470</sup>
- At AHAI 2025 in Kigali, African health stakeholders called for redesigning immunization financing as global aid shrinks, highlighting low public funding, and donor dependence.<sup>471</sup>

Ethical AI governance frameworks are shaping responsible faith-aligned health innovation.

- During Abu Dhabi Global Health Week 2025, the Department of Health – Abu Dhabi convened a Health Leaders Roundtable to shape a Declaration on AI governance principles emphasizing ethics, equity, and responsible deployment in healthcare. This helps establish a unified framework for the safe and effective integration of AI technologies in the health sector.<sup>472</sup>
- The Arab League Educational, Cultural and Scientific Organization (ALECSO) released the official English version of its AI Ethics Code, providing regionally grounded guidance for responsible AI use in health-care and biomedical research.<sup>473</sup>



# SIGNALS OF OPPORTUNITIES

IMPACT: + Low + Moderate \* High MATURITY: ● Early ●● Intermediate ●●● Mature

1

### Ensuring AI adoption in healthcare is ethically sound and aligned with Islamic bioethics.

AI is advancing rapidly, and healthcare adoption is already proven—especially in drug discovery and decision support. Muslim Markets have an opportunity to shape AI governance frameworks in clinical research and development settings without conflicting with Islamic bioethical principles.

IMPACT: + MATURITY: ●●

2

### Formalization and integration of traditional, complementary and integrative medicine (TCIM) into universal health coverage.

Public demand and WHO frameworks push countries to regulate TCIM as part of healthcare, creating opportunities for Muslim markets to formalize culturally rooted practices and natural resources into regulated services and products.

IMPACT: \* MATURITY: ●●

3

### In the GCC region, led by the United Arab Emirates, 'healthspan' is being transformed into premium services.

Across the United Arab Emirates and wider GCC, health is increasingly defined by healthspan—how long people stay healthy and high-performing—rather than lifespan alone. Rising awareness and purchasing power among higher-income consumers is accelerating demand for preventive diagnostics and longevity clinics.

IMPACT: \* MATURITY: ●●

4

### Investments and the commitment for regulatory harmonization have driven greater self-reliance across Muslim Markets.

In Muslim Markets, pharmaceutical self-reliance grows via strategic investments, policies, and partnerships that boost local manufacturing and cut import reliance, supported by the Amman Resolution and regulatory harmonization from the Riyadh Declaration.

IMPACT: \* MATURITY: ●●

5

### AI-enabled clusters and global partnerships are turning the United Arab Emirates and Saudi Arabia for next-generation therapeutics.

Enabled by AI and partnerships with global biopharma, select OIC markets—especially the UAE and Saudi Arabia—are building integrated life-science ecosystems linking discovery, trials, regulation, investment, and commercialization.

IMPACT: \* MATURITY: ●●

# Strategic Considerations by Stakeholders

In Muslim markets, opportunities in oncology and the healthspan economy are growing. Governments can improve outcomes by formalizing traditional medicine and increasing immunization funding. Businesses benefit from using AI and evidence-based innovation. Challenges include funding gaps, bioethics governance, and trade disruptions. Success favors those with strong compliance, partnerships, and scalable, innovation-driven strategies.

## INVESTORS

### OPPORTUNITIES

#### 1 Develop a halal-aligned oncology growth portfolio across OIC markets.

Invest in oncology therapeutics and enablement platforms (specialty distributors, oncology clinics, diagnostics, and localized manufacturing/packaging) that capture rising demand for advanced treatments and high-value care pathways. Prioritize assets with clear regulatory pathways and the ability to scale regionally with quality excellence and halal compliance.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Oncology is projected to lead absolute growth through 2029, with global cancer spending rising from US\$ 252 billion in 2024 to US\$ 441 billion in 2029, driven by a forecasted CAGR of 11–14%.

#### 2 Explore investment in longevity and preventive care.

Back preventive-care and longevity delivery models—clinics, advanced diagnostics, subscriptions, and tech-enabled coaching—built around measurable outcomes and premium consumer demand. The strongest plays combine medical credibility, personalized data-driven care, and partnerships with employers and insurers to broaden reach beyond luxury segments.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Consumer adoption of infrared saunas, cold plunges, cryotherapy, IV therapy, red-light therapy, and wear-

- Mubadala Bio inaugurated a high-potency facility in Abu Dhabi and launched advanced oncology medicines—including locally produced branded generics—supporting production of high-potency oncology and hormone drugs to international standards.

##### POTENTIAL OUTCOMES BY 2036:

- Regional halal-compliant oncology leaders are building strong treatment networks, expanding access to advanced therapies, and positioning OIC hubs as credible centers for manufacturing and clinical trials of oncology products.

ables is rising as demand shifts toward preventive and optimization-focused care.

- The GCC is emerging as a longevity and preventive-health hub valued around US\$ 9–13 billion, driven by private healthcare innovation, luxury hospitality, and medical tourism, with the United Arab Emirates contributing an estimated US\$ 4–6 billion.

##### POTENTIAL OUTCOMES BY 2036:

- Greater uptake of preventive services, and new revenue pools for diagnostics, wellness therapeutics, and preventive interventions across affluent OIC urban markets.

### CHALLENGES

#### 1 Rising reimbursement constraints and affordability pressures threaten access to specialty care.

Oncology therapies and longevity services can be cost-intensive, and reimbursement systems in many markets are still evolving, creating uncertainty in pricing, patient access, and demand elasticity. Without stronger payer integration and value-based evidence, growth may remain concentrated in a small premium segment.

##### RISK:

- Slower adoption, volatile revenues, limited scalability beyond top-tier private providers, and higher downside risk for investors if utilization fails to broaden.

## GOVERNMENTS

### OPPORTUNITIES

#### 1 Establish national TCIM standards and embed cultural health narratives.

Build national standards, certification, practitioner training, and clinical guidelines for traditional medicine, while crafting a country-specific narrative that elevates cultural heritage into a regulated, evidence-based health asset. This improves safety and quality while enabling structured development of herbal, wellness, and preventive sectors.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- WHO leaders are pushing stronger integration of traditional medicine into primary healthcare through scientific validation, patient safety, and shared standards to expand workforce capacity and unlock new research pathways.
- The Delhi Declaration (Dec 2025)—endorsed by 26 WHO Member States—signals a shift from recognition to implementation, committing countries to integrate

traditional medicine into primary care, strengthen regulation, invest in research, and build interoperable data systems.

##### POTENTIAL OUTCOMES BY 2036:

- Selected TCIM services integrated into primary care, a professionalized workforce, and a regulated natural-products sector positioned for domestic value creation, tourism linkages, and export readiness.

#### 2 Co-create value of immunization financing through blended models.

Shift from donor-led funding to co-created financing that blends public budgets, private-sector participation, procurement reform, and multi-year commitments to stabilize vaccine coverage and supply chains. Link financing to measurable delivery performance to improve efficiency and equity outcomes.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

- At TICAD9, Japan committed up to US\$ 550 million to support Gavi's 2026–2030 strategic period, reinforcing Africa's immunization systems and vaccine delivery with predictable financing.
- At AHAIC 2025 in Kigali, African health stakeholders called for redesigning immunization financing as global aid shrinks, highlighting low public funding, high out-

of-pocket spending, and donor dependence that drive equity gaps and rising numbers of zero-dose children.

##### POTENTIAL OUTCOMES BY 2036:

- More predictable immunization funding, fewer zero-dose populations, stronger outbreak resilience, and greater viability for local manufacturing and regional procurement partnerships.

## CHALLENGES

### 1 Regulatory opacity and legal uncertainty in halal certification.

Companies report that inconsistent communication and frequently shifting requirements—especially related to cross-border halal recognition—are creating uncertainty in certification planning and supply-chain execution. When rules change without clear timelines or transition periods, businesses struggle to align documentation, sourcing, and audit readiness in a predictable way.

#### RISK:

- Delays in certification and product launches, higher compliance costs, disrupted sourcing strategies, and potential loss of market access or retailer confidence as firms become reluctant to invest or scale under unclear regulatory conditions.

### 2 Governance gaps in faith-aligned AI bioethics for healthcare.

AI adoption is outpacing governance on privacy, bias, accountability, and consent, and a lack of faith-aligned bioethical guidance can reduce legitimacy even when tools perform well. Governments need operational standards for clinical AI, health data use, and AI-enabled research and development.

#### RISK:

- Regulatory delays, fragmented adoption across institutions, public backlash, and increased risk of harm or inequity—ultimately limiting the safe scaling of AI and slowing innovation competitiveness.

*Halal regulations shift frequently without enough transition time, creating operational uncertainty.*

ADAM REZA GANJARA, PHARMA COMMERCIAL LEAD CRODA INDONESIA



UNSPASH/IN

## BUSINESSES

## OPPORTUNITIES

### 1 Develop standardized pipelines for natural products and traditional medicine.

Invest in research, formulation, and quality systems that turn locally rooted plants and traditional formulations into standardized products with consistent dosing, safety profiles, and evidence suitable for regulated markets.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- WHO's Global Traditional Medicine Strategy 2025–2034 highlights traditional medicine's role in chronic disease prevention and ageing-care, with global demand forecast to rise from US\$ 213.8 billion (2025) to US\$ 359.3 billion (2032).
- Indonesia's Ministry of Health has launched a strategic initiative to accelerate development toward national phytopharmaceutical standards by leveraging the

country's vast biodiversity to promote sustainable use of medicinal plants and enhance healthcare innovation.

#### POTENTIAL OUTCOMES BY 2036:

- Commercial portfolios of standardized natural products, stronger domestic trust and export potential, and OIC-based brands competing in regulated herbal, nutraceutical, and wellness therapeutics categories.

### 2 Deploy AI to accelerate drug discovery and enhance development productivity.

Utilize AI to reduce iteration cycles and increase pipeline throughput, particularly in high-burden areas like metabolic disease and oncology. Firms that integrate AI with data governance, clinical validation, and manufacturability early will outperform.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- United Arab Emirates-based Insilico Medicine used its Biology42 platform to generate more than 5,000

novel GLP1R-targeting peptides in 72 hours, narrowing to 20 candidates and validating 14 active molecules including three with single-digit nanomolar potency.

#### POTENTIAL OUTCOMES BY 2036:

- Shorter research and development timelines, more licensing/co-development deals, and a rising share of innovation and IP generated within OIC-based teams and facilities.

## CHALLENGES

### 1 Trade and tariff volatility disrupts pharmaceutical supply chains.

Tariffs, trade policy shifts, and localization requirements can change input costs, delay cross-border shipments, and increase compliance complexity—especially for APIs, devices, and cold-chain biologics that most halal pharmaceutical firms sourced from foreign

companies. Firms with concentrated sourcing are more exposed to sudden shocks and margin pressure.

#### RISK:

- Higher cost-of-goods, stockouts, delayed launches, lost tenders, and weaker competitiveness.

*In halal pharmaceuticals, especially vaccines, integrity cannot be bolted on through certification alone. It requires a Convergence of Minds—Shariah, science, technology, and Muāmalāt—aligned from design to delivery. When convergence becomes structural rather than procedural, trust becomes part of the system itself. That is... Halal Built-In.*

ROZI OSMAN, HALAL PHARMACEUTICAL SPECIALIST



FREEPIK/VAJUS

CHAPTER

CHAPTER



# Halal Cosmetics



# HALAL COSMETICS

ALL FIGURES IN US\$ BILLION, UNLESS STATED OTHERWISE

## CONSUMER POWER

Represented by **\$92 billion of consumer spending by 2 billion Muslims** on cosmetics products (2024). YOY growth 2023-24 of 5.8%, reaching **\$124 billion by 2029** (6.3% CAGR).



## TOP 5 HALAL COSMETICS CONSUMER MARKETS



## TRADE CORRIDORS

### TOP 5 COUNTRIES EXPORTING TO OIC



### TOTAL OF OIC IMPORTS

**\$22.49 billion**  
Total of cosmetics imports by OIC\* countries

\*All estimates by DinarStandard. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2021 consumer data as baseline reference. Cosmetics exports are based on ITC Trademap 2024 data. Projections are based on data from IMF Outlook from October 2025. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from Jan 2025 to Dec 2025. SEE APPENDIX FOR DETAILED METHODOLOGY. OIC: Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.

## INVESTMENT BUILDERS

● = 1 deal

Premium, health-adjacent, and ethically positioned formats are beginning to attract dedicated capital.

### TOP COUNTRIES BY TOTAL DEAL VALUE AND NUMBER OF DEALS

US\$ MILLION (2025)

No disclosed value for all 2 deals in 2025.

● ●

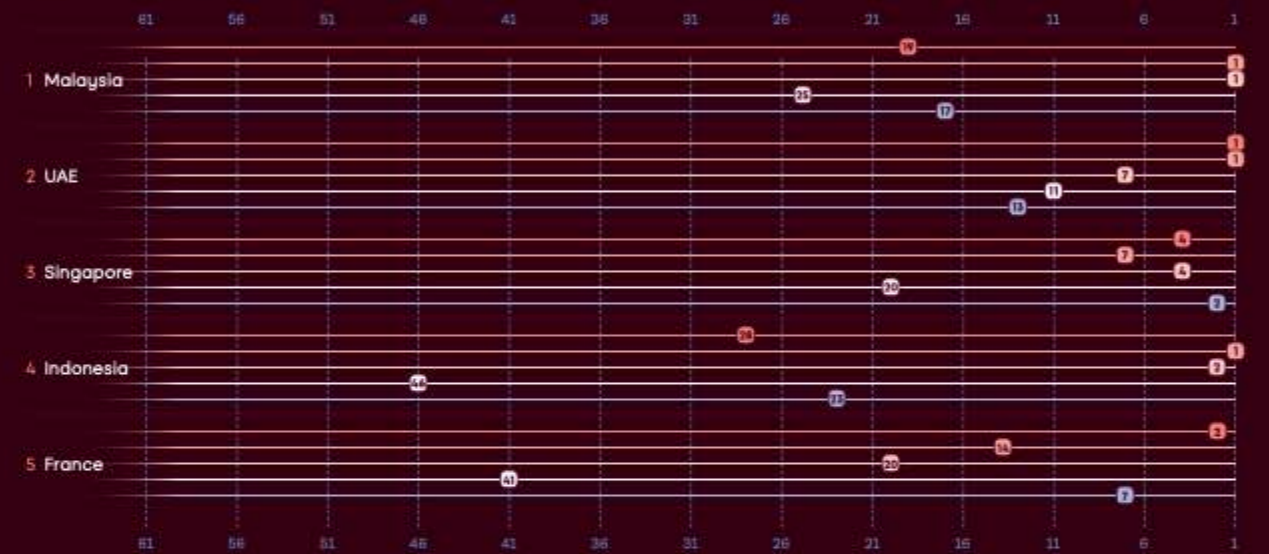


## SOVEREIGN INDEX

■ Financial ■ Governance ■ Awareness ■ Social ■ Innovation

### HALAL COSMETICS – GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2025)

(SEE CHAPTER 4 FOR DETAILS)



## KEY DEVELOPMENTS

From certified ingredient to premium lifestyle brand commanding ethical positioning and price premiums.

- POLICY** Indonesia mandates halal certification for all cosmetics by October 2026.
- TRADE** Nigeria bans raw shea nut exports to push domestic value-added processing.
- INNOVATION** Saudi Asteri Beauty launches 'desert proof' climate-adaptive skincare line.
- SOCIAL IMPACT** Wardah partners with Qatar Foundation to build Muslim women leadership ecosystem.
- GOVERNANCE** SMIC runs second halal cosmetics training — participants from 5 countries including USA and Taiwan.

## SIGNALS OF OPPORTUNITIES

Five shifts taking Halal Cosmetics from premium formats to ethics-led growth.

IMPACT + Low + Moderate + High





# Halal Cosmetics

The halal cosmetics sector is undergoing a values-driven realignment in 2025/26, as consumers across Muslim Markets increasingly shift away from brands perceived as misaligned with ethical and geopolitical sentiments—particularly regarding the Palestinian issue—toward brands that reflect faith, justice, and cultural authenticity.

**THIS SHIFT IS REDEFINING TRUST** as a primary driver of demand, accelerating the rise of local and regional halal brands, and reshaping competitive dynamics across the industry.

At the same time, revenue growth is being driven by premiumization and category expansion into fragrance, skincare, supplements, functional makeup, and men's grooming, supported by rising consumer spending and investor confidence. Channels are also evolving rapidly, with e-commerce and live commerce scaling alongside in-store discovery, creating a more integrated omnichannel landscape where brands must combine product efficacy with strong storytelling and seamless customer experience.

Operationally, the sector is moving toward systemized competitiveness. AI is accelerating formulation cycles and enabling personalization, while OEM/ODM players are embedding halal compliance and traceable sourcing into production processes. This reflects a shift from branding-led differentiation to operational excellence, where speed, compliance readiness, and data-driven innovation determine market access and scalability.

At the same time, a new geographic rebalancing of beauty innovation is emerging, with African beauty (A-Beauty) rising as a distinct and influential category alongside established East Asian trends. Growth is being driven by demand for melanin-rich and textured-hair solutions, science-led local brands, and increasing global interest in African bio-ingredients such as shea, moringa, and baobab. With expanding retail presence and export potential of plant-based actives, Africa is repositioning itself as both a source of innovation and a scalable ingredient ecosystem within global halal beauty.

Regulatory and halal compliance frameworks are tightening across Muslim Markets, raising the bar for prod-

uct safety, certification, and supply-chain transparency. Indonesia is leading this shift, with all cosmetics required to be halal certified by October 2026, alongside stricter ingredient regulations aligned with global standards. Regional and international bodies are also strengthening implementation readiness and safety requirements, signaling a transition toward stricter, harmonized, and enforcement-driven market access conditions.

Innovation is becoming a core driver of halal beauty competitiveness as the sector converges with health, biotechnology, and climate science. Longevity and regenerative beauty are advancing through diagnostics, AI-led clinics, and bioactive ingredients that target cellular health, while sun care and skincare evolve toward climate-adaptive, daily-use formats. Fragrance is expanding into wellness and multisensory experiences, and local bio-ingredient R&D is maturing into commercially viable, IP-backed pipelines—signaling a shift toward science-led, outcome-driven beauty ecosystems.

Social impact is increasingly shaping market dynamics, as values and geopolitics influence consumer trust and brand choice, pushing companies to be more deliberate and transparent about their stance on critical issues. Companies are embedding purpose through advocacy, ethical sourcing, and localized value chains, while governments reinforce sustainability and traceability. At the same time, halal beauty brands are scaling women's empowerment through education, entrepreneurship, and cross-regional leadership partnerships, positioning beauty as a platform for inclusive economic participation and long-term social value.

## 2025/26 Developments

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

GCC and Saudi-led demand growth is expanding premium beauty and attracting investment.

- Beauty executives identify India and the GCC as top growth markets, with rising high-income households in the United Arab Emirates and Saudi Arabia fueling premiumization, while consumer experimentation and service usage open opportunities for partnerships with luxury hotels, spas, and clinics to capture share.<sup>474</sup>

Category growth hotspots are reshaping the revenue mix toward fragrance, skincare, supplements, and functional makeup.

- Global beauty retail sales continue to be dominated by skincare, followed by haircare, color cosmetics, and fragrance. Among these segments, fragrance has recorded the fastest growth in recent years and is expected to remain one of the leading drivers of industry expansion toward 2030.<sup>475</sup>
- The global skincare market is projected to grow steadily in the coming years. Growth is expected to be supported by innovations in cosmetically elegant and heat-resilient formulations, alongside consumer education campaigns encouraging daily sun protection.<sup>476</sup>
- Beauty supplements generated roughly US\$ 140 billion in 2024 and are expected to grow around 5% CAGR to 2030, supported by ingestible formats (drinks, gummies) and the linkage between beauty, wellness, and longevity.<sup>477</sup>
- Gulf and MENA activity is increasingly shaped by ingredient transparency and halal-certified formulations, with corporate entries and policy trends signaling momentum to scale halal production and localize supply chains.<sup>478</sup>
- Indonesia's beauty market growth is primarily driven by the increasing popularity of foundation and face sunscreen products. This reflects a rising consumer demand for functional makeup that enhances appear-

### REVENUE DEVELOPMENTS

In 2025, halal cosmetics markets benefited from surging premium demand, with category momentum shifting toward fragrance, skincare, supplements, functional makeup, and male grooming products, as e-commerce and live commerce expanded. These developments reflect a transition to a more premiumized, health-adjacent, and omnichannel halal beauty sector, where winning brands will pair certified trust and efficacy with region-specific storytelling and seamless digital-to-retail conversion.

### Latest Projections

Muslim consumer spending on cosmetics reached US\$ 92 billion in 2024, reflecting 5.8% growth from US\$ 87 billion in 2023, and is projected to reach US\$ 124 billion by 2029, representing a 6.3% CAGR over the forecast period. India remains the largest Muslim cosmetics market globally, followed by Türkiye and Indonesia, with Indonesia moving down one position this year.

### INVESTMENT SUMMARY

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ MILLION)
United Arab Emirates	Private Equity	KAYALI	Undisclosed
Oman	Acquisition	EMC	Undisclosed

SOURCE: VARIOUS SOURCES, DIJARSTANDARD ANALYSIS

ance and offers daily protection against environmental factors. This seeks in combining high performance with skincare benefits and simplified beauty routines.<sup>479</sup>

**Consumer buying behavior is shifting across social, online, live commerce, and in-store discovery.**

- China remains the most advanced live commerce market, with over one-third of beauty e-commerce expected to occur via platforms like Douyin and Kuaishou in 2025, while India, Brazil, the United Arab Emirates, and Saudi Arabia are highlighted as high-potential regions.<sup>480</sup>
- Physical stores remain the top discovery channel, while rising paid marketing costs and AI-bot traffic are making social reach more expensive and less efficient.<sup>481</sup>
- In the GCC, e-commerce is only about 13% of sales despite strong digital readiness—87% use social media for beauty inspiration and 95% engaged with a beauty trend in 2024—signaling a large conversion gap that better social commerce and localized e-commerce could unlock.<sup>482</sup>
- Indonesia is seeing early consumer entry and rapid channel diversification, with online cosmetics sales reaching 28% of total sales in 2025 alongside continued strength in general trade and offline health and beauty stores.<sup>483 484</sup>

**Men's grooming is emerging as a high-growth revenue stream across the OIC region.**

- Men's grooming is surging as self-care rises, with 60% of men buying products to maintain their look, driven by social media, humor-led branding, and the appeal of natural, multifunctional solutions.
- In Indonesia's men's face wash category on Shopee (Q2 2025), ParagonCorp's Kahf held 35.8% market share, while local men's grooming brands made up



INSTAGRAM/ARABIAN OUD

five of the top ten, signaling strong trust in local formulations and accessible pricing.<sup>485</sup>

- United Arab Emirates-founded MÄNN Skincare launched in the UAE with a minimalist, science-led proposition tailored to male skin biology, combining natural-origin ingredients with advanced active ingredients to improve hydration, resilience, and long-term skin health.<sup>486</sup>
- In Saudi Arabia, men's fragrances are emerging as a growth engine, with the oud and fragrance market projected to grow at 14% CAGR (2024–2029) to SAR 18.5 billion (US\$ 4.9 billion), anchored by players like Arabian Oud.<sup>487</sup>

**OPERATIONAL DEVELOPMENTS**

**AI-led research and development and personalization are speeding formulation and product development.**

- In South Africa, AI is advancing cosmetics through quality inspection tools like SEA Vision's A-eye lipstick system and customer-centric devices such as HiMirror which assess skin health and track changes over time.<sup>488</sup>
- Chalhoub Group and FACES launched Layla AI, a generative AI-powered beauty coach that delivers Arabic-dialect personalization and has driven 2.5 times higher conversion, longer engagement, and broader product discovery.<sup>489</sup>
- DR's Secret is expanding its Skin Studio AI into Malaysia and Indonesia with Revieve, using selfie-based diagnostics to assess more than 120 skin metrics and generate instant personalized routines.<sup>490</sup>
- ParagonCorp's Kahf launched DECODE, an AI-powered immersive grooming ecosystem that combines diagnostics, dermatological science, and lifestyle insights to tailor Indonesian men's skincare, haircare, style, and fragrance choices.<sup>491</sup>
- IFF launched ScentChat™, an AI-powered tool that collects real-time consumer feedback via messaging apps and converts it into instant NLP-driven insight reports to accelerate fragrance creation decisions.<sup>492</sup>

**Halal compliance is becoming an operational requirement across OEM/ODM supply chains.**

- Cosmecca Korea obtained halal certification from Indonesia's MUI after meeting requirements across product development, raw-material selection, manufacturing, packaging, and distribution to target Indonesia and wider Muslim Markets.<sup>493</sup>
- Meiyume partnered with Intercos Group to integrate halal compliance directly into OEM/ODM supply chains, with Intercos' China-based entities supplying halal-certified bulk and semi-finished products to simplify downstream compliance.<sup>494</sup>
- Cosmax Bio, a specialized ODM/OEM company, secured Indonesian Halal certification (BPJPH) for its Shanghai factory to serve halal-compliant cosmetics for Southeast Asia and the GCC Market.<sup>495</sup>



FREEPIK/VOLODYMYR

**NATIONAL/TRADE DEVELOPMENTS**

In 2025, halal cosmetics markets scaled from "demand" to "execution": AI accelerated formulation and personalization, halal compliance became embedded across OEM/ODM supply chains, and trade exhibitions across OIC region evolved into deal platforms that supported cross-border market entry, distribution partnerships, and ingredient-led expansion—including rising of African beauty trend. These developments reflect a shift toward trade-enabled, standards-driven competitiveness, where winning brands pair supply-chain readiness (halal-by-design) with platform-led market access (exhibitions, distributors, and hubs) to monetize regional growth and culturally rooted product propositions.

Total OIC cosmetics imports amounted to US\$ 22.49 billion in 2024, marking a 9.04% increase from US\$ 20.62

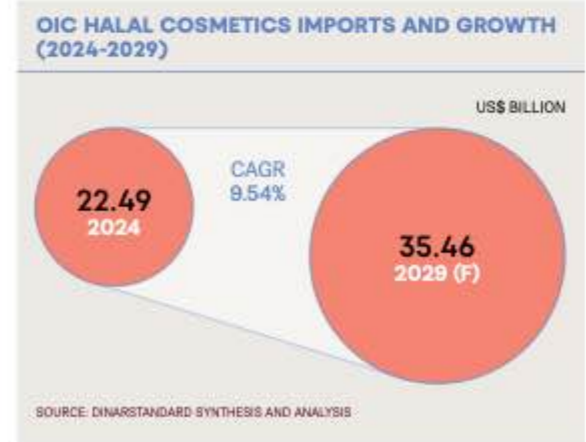
billion in 2023. The largest imported categories were skincare and makeup (24.97%), followed by fragrance blends (18.63%) and perfumes and body sprays (11.46%). A large and growing digitally savvy consumer base has increased awareness and demand for diverse beauty and personal care products. Over the next five years, imports are projected to reach US\$ 35.46 billion by 2029, reflecting a CAGR of 9.54%.

The United Arab Emirates, Saudi Arabia, and Türkiye led OIC cosmetics imports at US\$ 5.07 billion, US\$ 2.88 billion, and US\$ 2.04 billion, respectively. The UAE plays a dual role as both a major importer and an export hub for the Middle East. Its beauty and makeup imports alone were valued at US\$ 1.6 billion, growing 24.29% year on year.

France was the top supplying market in 2024, with exports worth US\$ 4.18 billion, followed by the UAE at US\$ 2.15 billion and China at US\$ 1.41 billion. France leads through its strong portfolio of global brands, with significant exports directed to the UAE as a regional trade hub.

**Trade exhibitions are becoming deal platforms that shape regional market access and investment across OIC member states.**

- The 11th World Halal Summit in Istanbul, coordinated through cooperation between Türkiye's Ministry of Trade, the Halal Accreditation Agency, and SMIIC, introduced a Private Label Cosmetics and Hygiene Area offering valuable business opportunities to expand and innovate within the growing halal market globally.<sup>496</sup>
- Cosmobeauté Indonesia 2025 reflects Indonesia's shift toward value-driven, Gen Z-led growth with a US\$ 9.17 billion beauty market and operates as a B2B platform, linking export opportunities with more than 500 companies from 16 countries.<sup>497</sup>
- Beautyworld Middle East 2025 attracted 71,000+ visitors from 164 countries and 2,000+ exhibitors, showcasing end-to-end beauty innovation and reinforcing Dubai's position as a global beauty hub.<sup>498</sup>
- Beautyworld Saudi Arabia 2025 drew 17,719 visitors from 71 countries (+29.5% YoY) with 37 exhibiting countries, highlighting Saudi Arabia's emergence as a high-growth beauty hub.<sup>499</sup>



- Beauty West Africa 2025 hosted over 300 exhibitors and 6,000 verified professionals, underscoring Lagos as the hub of Nigeria's US\$ 10 billion beauty market—projected to grow more than 15% annually through 2030.<sup>500</sup>

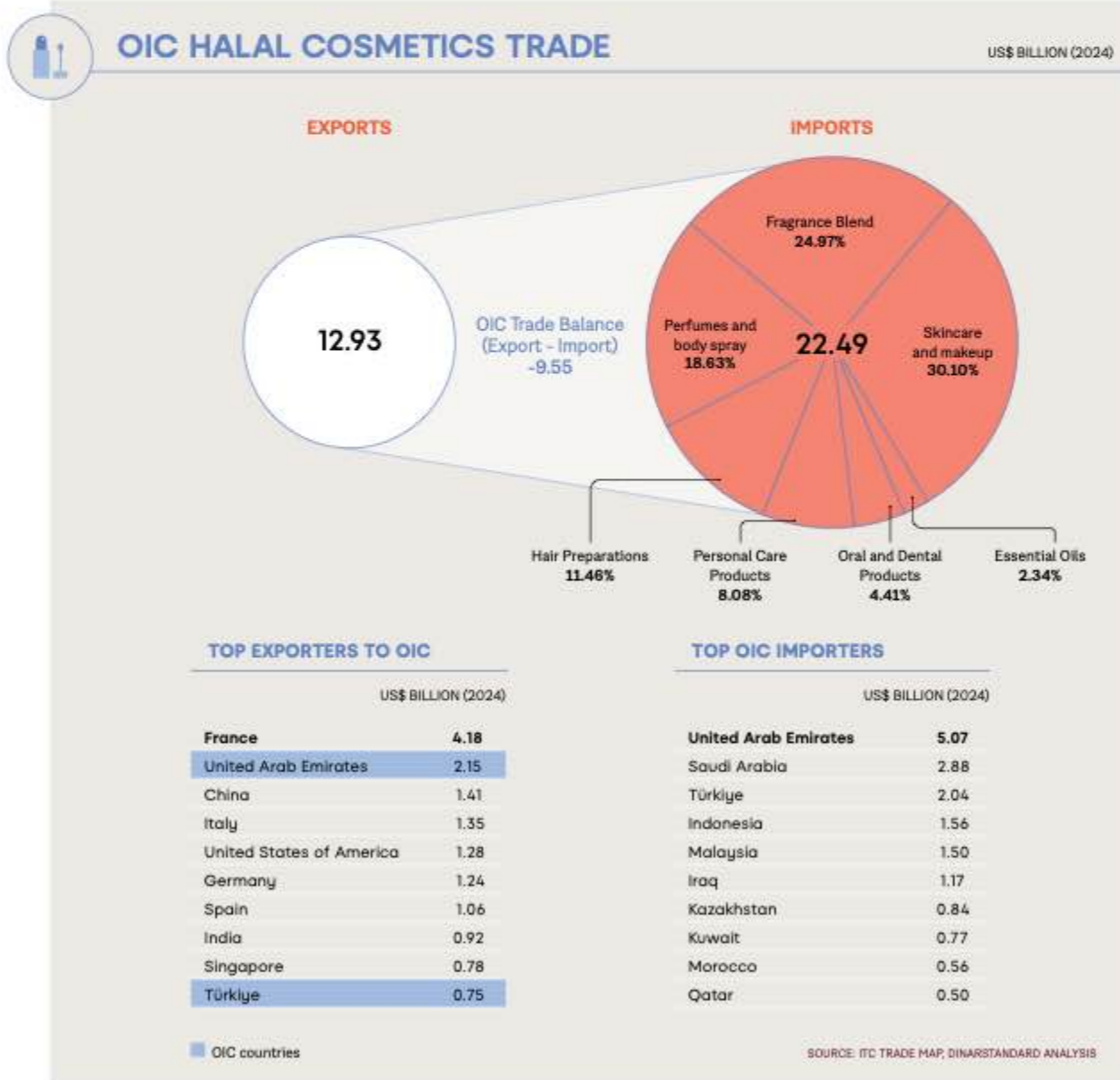
Africa's beauty strategy is scaling through local ingredients, science-led brands, and global demand pull.

- Rising demand for melanin-rich and textured-hair solutions is fueling science-led, regionally tailored products, with estimates of more than US\$ 5 billion growth in Africa's BPC market (2021-2026) and promising venture signals such as Kenya's Uncover raising US\$ 1.4 million in funding.
- African beauty (A-Beauty) is gaining global attention by elevating African bio-ingredients (e.g., shea, rooibos, baobab, moringa, safou oil, katrafay) and embedding sustainability, local production, and com-

- munity empowerment into brand operating models.<sup>501</sup>
- Global retailers are stocking A-Beauty brands while demand for African botanicals rises, with moringa cited as growing from US\$ 9.7 billion (2024) toward US\$ 25.1 billion by 2035, reinforcing the export potential of plant-based active ingredients.<sup>502</sup>

GCC market-entry and cross-border distribution partnerships are accelerating international brand expansion.

- Middle East market-entry strategies increasingly require localization (shade ranges, fragrance profiles, wudhu compatibility) and early halal certification, with the MEA market valued at US\$ 44 billion in 2024 and cited as growing 18%, outpacing the global average.<sup>503</sup>
- CJ Olive Young partnered with United Arab Emirates-based Life Healthcare Group to distribute K-beauty products across 580 Life Pharmacy stores to accelerate SME brand expansion and reinforce the UAE's hub role.<sup>504</sup>



UNSPASH/BALESSTUDIO

## INNOVATION DEVELOPMENTS

Longevity and regenerative beauty are converging with biotech and clinic-led innovation.

- "Metabolic beauty" is reframing skin as a health dashboard, with biomarker testing and continuous metabolic monitoring enabling personalized regimens that shift beauty from aesthetics to measurable wellbeing through diagnostics and subscription ecosystems.<sup>510</sup>
- Rising interest in NAD<sup>+</sup> therapies, GLP-based weight-loss programs, and advanced health screenings signals accelerating consumer demand for longevity interventions tied to cellular energy, metabolism, and DNA repair.<sup>511</sup>
- Shookra Clinics launched in Dubai with an AI-led regenerative aesthetics model delivers regenerative treatments (e.g., stem cells, exosomes, PRP) based on genetic profiling, supported by continuous monitoring and performance dashboards.<sup>512</sup>
- dsm-firmenich is debuting a plant-derived exosome active (Exovive Lift) at in-cosmetics Asia 2025 with claimed clinical outcomes including 30% improved elasticity and wrinkle reduction equivalent to eight years.<sup>513</sup>
- ALGAKTIV is launching a microalgae-derived active (Vitalys) designed to activate NAD<sup>+</sup> pathways and support cellular wellness, positioning it for clean-label, irritation-free "skin longevity" and preventive beauty formulations.<sup>514</sup>

## ECOSYSTEM DEVELOPMENTS

Beauty regulations and halal standards are tightening, forcing operational and supply-chain compliance upgrades.

- On 8–9 September 2025, SMIIC ran its second private-sector training on OIC/SMIIC 4:2018 Halal Cosmetics to strengthen implementation readiness, drawing participants from the USA, Taiwan, Indonesia, Pakistan, and Malaysia.<sup>505</sup>
- The International Fragrance Association has opened a public consultation on the 52nd Amendment to the IFRA Standards—running until 12 June 2026—inviting industry feedback on updated guidance and global fragrance safety.<sup>506</sup>
- Indonesia's BPOM issued PerBPOM No. 25 of 2025, overhauling cosmetic ingredient regulations effective 3 October 2026 by aligning more closely with the ASEAN Cosmetic Directive and global safety updates.<sup>507</sup>
- Indonesia's BPJPH confirmed all cosmetics must obtain halal certification by 17 October 2026 under Government Regulation No. 42 of 2024, requiring manufacturers to align ingredients, processes, documentation, and labeling with halal standards.<sup>508</sup>
- Dubai Municipality's Central Laboratory upgraded testing to detect an EU-banned chemical due to reproductive health risks to block non-compliant products from entering the Dubai market.<sup>509</sup>

Sun care and climate-adaptive skincare are accelerating innovation for heat, humidity, and daily protection.

- Next-gen sun care is being shaped by expectations for daily wearability, with proliferation of formats (sticks, sprays, drops) and textures (serums, gels, powders) alongside stronger demand for broad-spectrum with minimal white cast.<sup>515</sup>
- Wardah launched Ultra ThinVeil™ sunscreen technology to address Indonesian pain points (greasy feel, heaviness, white cast), using encapsulated UV filters and an ultra-light base to drive consistent daily usage.<sup>516</sup>
- Shiseido developed an adaptive oil-in-water sunscreen that maintains transparent, crease-resistant protection under humidity, sweat, seawater, and air-conditioned dryness while regulating skin-surface moisture.<sup>517</sup>
- Saudi brand Asteri Beauty expanded into skincare with "desert-proof" formulations designed for extreme heat, dry air, humidity, wind, and constant air-conditioning, reinforcing climate-led authenticity as a product differentiator.<sup>518</sup>
- Azelis introduced Beauty Boost ready-to-use concepts including Icy Freeze Gel, a temperature-responsive texture that turns into a cooling snow-like treatment after freezing, targeting post-workout recovery and sensory refreshment.<sup>519</sup>

Fragrance is evolving into wellness, emotion, and multisensory experiences.

- Consumers increasingly use fragrance for mood regulation—such as in China where 60% use perfume to relax and 40% to feel energized—positioning scent as an emotional self-care product.<sup>520</sup>
- Functional fragrance is scaling through multisensory experiences that combine scent with touch, sound, and immersive storytelling, enabling premium pricing as consumers value ritual, feelings, and memory creation.<sup>521</sup>
- dsm-firmenich introduced emotiOn™ social connection, a neuroscience-backed fragrance innovation supported by AI analysis of 40,000 fragrances and 1 million consumer insights and positioned to encourage real-life social interaction.<sup>522</sup>
- Givaudan is showcasing “story-smelling” at VivaTech 2025 through interactive experiences like Guardians of Memories and the Scent Piano, blending play, music, and olfaction to modernize fragrance discovery.<sup>523</sup>

Local bio-ingredient research and development is moving toward commercialization through market-ready innovation pipelines.

- SIRIM Bhd unveiled five IP-protected cosmetic innovations ready for industry adoption, including rambutan extract, postbiotic pineapple biomass extract, kenaf seed oil, roselle extract, and biodegradable microbeads.<sup>524</sup>
- Oriflame used AI-led data mining and network analysis to identify liquiritigenin from Chinese liquorice root as a high-potential active and validated its collagen-supporting and structural skin-protecting benefits linked to hormonal ageing.<sup>525</sup>
- A China-based scientific review highlighted fermented rice skincare ingredients as high-potential actives with enhanced bioavailability and benefits across hydration, barrier repair, antioxidant protection, soothing, and brightening, while noting standardization as the key commercialization bottleneck.<sup>526</sup>

## SOCIAL IMPACT DEVELOPMENTS

Values and geopolitics are reshaping consumer trust, brand switching, and pro-Palestine led marketing.

- Geopolitical-linked boycotts contributed to Unilever’s Indonesia market share falling from 38.5% to 34.9% year-on-year as consumers shifted toward local and regional brands perceived as more affordable, culturally aligned, and values-driven.<sup>527</sup>
- Lush temporarily shut all UK stores, factories, and e-commerce for a one-day Gaza protest, estimated to cost £300,000 (equivalent to around US\$ 405 thousand), showing how values-led activism can translate into tangible operational and revenue impacts.<sup>528</sup>
- Huda Beauty embedded pro-Palestine cultural advo-

cacy into a product launch by collaborating with Saint Levant on a new lip oil shade and directing proceeds toward organizations supporting Palestinian agriculture and cultural preservation.<sup>529</sup>

Ethical sourcing and local value chains are scaling through policy, traceability, innovation, and community programs.

- Nigeria imposed a six-month ban on exporting raw shea nuts to push value-added local processing, aiming to improve domestic capture of a global shea market where it produces nearly 40% of supply but captures only 1% of value.<sup>530</sup>
- At ICI 2025, Indonesian sustainability stakeholders highlighted responsible sourcing and traceability as critical to scaling local ingredients, noting Indonesia’s more than 30,000 plant species potential.<sup>531</sup>
- KAO Malaysia partnered with Universiti Malaya to support community wellbeing initiatives, reinforcing a corporate-led social impact model linked to skincare science.<sup>532</sup>
- At COP30, Givaudan’s PrimalHyal™ 50 Life was honored for ethical sourcing and SDG impact for its innovative approach to cutting the carbon footprint of hyaluronic acid, cutting CO<sub>2</sub> by 92%, and energy use by 90%, with reach across 40% of global skincare.<sup>533</sup>

Halal beauty brands are scaling women’s empowerment through education, entrepreneurship, and leadership partnerships across OIC markets.

- Safi advanced a Raya education-focused empowerment campaign that builds on its MYR 1 million (US\$ 246 thousand) Biasiswa Siswi SAFI scholarship and adds AI-enabled engagement to reach applicants more effectively in digital channels.<sup>534</sup>
- Oriflame India is scaling a purpose-led direct selling ecosystem aimed at empowering women through income opportunities and digital literacy, with an ambition to onboard over one million brand partners in India within five years.<sup>535</sup>
- Wardah signed a May 2025 MoU with Qatar’s Al Mujadilah Women Centre (Qatar Foundation affiliate) to build a cross-regional ecosystem of Muslim women leaders through leadership development, capacity building, and research exchange.<sup>536</sup>
- Sariayu Martha Tilaar partnered with Indonesia’s Ministry of Women’s Empowerment to deliver skills training and support for coastal women in North Jakarta, using practical makeup training as an income-enabling intervention.<sup>537</sup>



# SIGNALS OF OPPORTUNITIES

IMPACT: + Low + Moderate \* High

MATURITY: ● Early ●● Intermediate ●●● Mature

1

## Consumer trust is increasingly driven by brand values, not just product performance

Social media scrutiny drives consumers to judge brands by values like Palestine advocacy and women’s empowerment. In Muslim markets, ethical and culturally credible brands gain favor, prompting brand switching toward those seen as authentic and community-rooted.

IMPACT: \* MATURITY: ●●

2

## Climate stress is reshaping product expectations for sun care, skincare comfort, and daily usability

Rising UV damage awareness is making sun care a daily essential, while brands tailor formulations to local climates—from tropical humidity to Gulf heat. Climate-resilient features such as lightweight textures, sweat resistance, and barrier support are becoming key differentiators in product performance.

IMPACT: + MATURITY: ●●

3

## Southeast and East Asia are spearheading “plug-and-play” halal OEM/ODM platforms that accelerate creator-led brand growth

Halal-compliant OEM/ODM ecosystems in Southeast and East Asia enable rapid brand creation by embedding certification, sourcing, and production, allowing product launches without technical infrastructure and accelerating trend-to-market speed.

IMPACT: \* MATURITY: ●●●

4

## African beauty is emerging as a differentiated movement anchored in biodiversity, heritage, and ethical sourcing

As global consumers embrace region-specific beauty (beyond East Asia), A-Beauty is gaining relevance through plant-based actives, culturally rooted rituals, and community-linked sourcing models. The opportunity is not only branding, but building standardized, traceable ingredient pipelines that can compete globally.

IMPACT: + MATURITY: ●●●

5

## AI is accelerating both product development and customer decision-making

AI is transforming beauty by speeding formulation, enabling early trend detection, and enhancing personalization. Brands using AI in development and retail, while staying halal and culturally relevant, can boost conversion and scale effectively.

IMPACT: \* MATURITY: ●●●

# Strategic Considerations by Stakeholders

High-impact opportunities are emerging across halal cosmetics, driven by GCC e-commerce, premium beauty, and value-aligned brands. Governments can boost competitiveness through stronger standards and ethical sourcing, while businesses leverage climate-adapted products, halal-by-design operations, and personalization. Challenges include shifting sentiment and compliance, favoring agile, scalable, and resilient players.

## INVESTORS

### OPPORTUNITIES

**1** Scale e-commerce and social commerce platforms across the GCC beauty market. GCC beauty demand is digitally primed, but conversion remains under-monetized—invest in marketplaces, omnichannel retailers, and enabling infrastructure (payments, logistics, creator commerce) that can turn high social engagement into repeat purchases and higher basket sizes. Prioritize players with localized UX (Arabic), fast delivery, and loyalty/subscription mechanics.

**RELEVANT DEVELOPMENTS & PRECEDENTS:**

- In the GCC, e-commerce is only about 13% of sales

**2** Build premium men's grooming platforms across Muslim Markets to capture rising demand.

Back men's personal care brands (or roll-ups) that use premiumization, multifunctional "routine simplification," and lifestyle positioning (hair, skin, and fragrance) to capture rising male self-care spend. Pair brand growth with distribution partnerships in luxury hotels, gyms, barbershops, spas, and clinics for experiential acquisition and credibility.

**RELEVANT DEVELOPMENTS & PRECEDENTS:**

- Beauty executives identify India and the GCC as top growth markets, with rising high-income households in the United Arab Emirates and Saudi Arabia fueling

despite strong digital readiness—87% use social media for beauty inspiration and 95% engaged with a beauty trend in 2024—signaling a large conversion gap that better social commerce and localized e-commerce could unlock.

**POTENTIAL OUTCOMES BY 2036:**

- E-commerce reaches a substantially higher share of beauty sales in GCC, with a small number of scaled platforms dominating customer data, influencer-led acquisition, and cross-border assortments.

premiumization, while consumer experimentation and service usage open opportunities for partnerships with luxury hotels, spas, and clinics to capture share.<sup>538</sup>

- Men's grooming is surging as self-care rises, with 60% of men buying products to maintain their look, driven by social media, humor-led branding, and the appeal of natural, multifunctional solutions.<sup>539</sup>

**POTENTIAL OUTCOMES BY 2036:**

- Category leaders emerge with repeat-purchase ecosystems (skincare and perfume), expanding men's grooming into a major profit pool across GCC and high-growth Muslim Markets.

**3** Acquire and scale faith-aligned halal brands to build market leadership and long-term growth.

Acquire or growth-invest in brands that are culturally resonant and faith-aligned, especially where consumers are actively switching away from pro-Israeli multinationals toward local champions perceived as more ethical and community-rooted. Emphasize brand authenticity, transparent giving/impact mechanisms, and resilient distribution networks to avoid over-dependence on one channel or market segment.

**RELEVANT DEVELOPMENTS & PRECEDENTS:**

- Geopolitical-linked boycotts contributed to Unilever's Indonesia market share falling from 38.5% to 34.9% year-on-year as consumers shifted toward local and regional brands perceived as more affordable, culturally aligned, and values-driven.

**POTENTIAL OUTCOMES BY 2036:**

- A portfolio of "faith-aligned brands" becomes durable category winners, expanding beyond domestic markets into wider Muslim Markets and strengthening halal beauty as a values-driven segment.

### CHALLENGES

**1** Mitigate demand volatility driven by geopolitics and values-based backlash.

Values-driven positioning can create rapid upside but also exposes brands to abrupt sentiment swings, polarized reactions, and boycotts that affect sales and retailer relationships. The risk is amplified by social media velocity and cross-border exposure.

**RISK:**

- Sudden revenue swings, wasted marketing spend, unsold inventory piling up, and lower valuations due to marketing backlash.

*Today's consumers don't just want to see a product—they want to validate it across many touchpoints, particularly social platforms, to ensure it fits their needs and reflects their values.*

SHAKIR AHMED, CEO AND CO-FOUNDER HABIBI NY



PEXELS/YAN KRUKAU

## GOVERNMENTS

### OPPORTUNITIES

#### 1 Align halal standards and broaden mutual recognition pathways across markets.

Use OIC-aligned standards (e.g., OIC/SMIIC halal cosmetics) and structured training to help regulators, labs, and industry implement consistent requirements—then actively pursue mutual recognition frameworks to reduce duplicative audits, enhance regulatory efficiency, and speed cross-border trade growth.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

• According to Government Regulation No. 42 of 2024, the Indonesian Bureau of Pharmaceutical and Cosmetics (BPJPH) has confirmed that all cosmetics must obtain halal certification by the 17th of October 2026. This regulation requires manufacturers to align their ingredients, processes, documentation, and labeling with halal standards in order to ensure compliance and consumer trust.

#### 2 Build national ethical sourcing and ingredient value-chain programs.

Develop community aggregation models, and local processing incentives for strategic local cosmetics bio-ingredients to capture more value beyond raw exports. Link these programs to clean-beauty demand and export readiness through standards for quality, sustainability, and documentation.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

• Global retailers are stocking A-Beauty brands while demand for African botanicals rises, with moringa cited as growing from US\$ 9.7 billion (2024) toward US\$ 25.1 billion by 2035, reinforcing the export potential of plant-based actives.

##### POTENTIAL OUTCOMES BY 2036:

• More interoperable halal cosmetics markets across Muslim Markets, faster time-to-market for compliant products, reduced certification duplication, and stronger consumer trust through consistent enforcement.

• At ICI 2025, Indonesian sustainability stakeholders highlighted responsible sourcing and traceability as critical to scaling local ingredients, noting Indonesia's 30,000+ plant species potential while identifying data, aggregation, and traceability gaps as key constraints.

##### POTENTIAL OUTCOMES BY 2036:

• Higher domestic value capture (processing and formulation), improved rural incomes, stronger ingredient security for local brands, and a national reputation as a credible source of traceable, ethical ingredients.

### CHALLENGES

#### 1 Balance local value capture with market openness and price stability.

Policies that mandate certification or restrict raw exports can raise production costs, slow supply, or create short-term shortages if local ecosystem capacity is not ready. The result can be inflation pressure in consumer markets and strain on SMEs.

##### RISK:

• Supply disruptions, increased informality/gray markets, loss of investor confidence, and slower adoption of regulation due to industry resistance and consumer price sensitivity.

*A core challenge for the (halal) cosmetics sector is its reliance on imported raw materials.*

GALANG GINANJAR, OEM COSMETICS SPECIALIST

## BUSINESSES

### OPPORTUNITIES

#### 1 Launch climate-adaptive skincare and suncare built for daily use.

Develop "climate-proof" product lines (desert heat, humidity, air-conditioning dryness) with lightweight textures, high protection, minimal white cast, and barrier-resilience claims—supported by education to normalize daily suncare use. Localized performance can differentiate brands in hot markets where comfort and practicality decide repeat purchase.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

• Wardah launched Ultra ThinVeil™ sunscreen technology to address Indonesian pain points (greasy feel, heaviness, white cast), using encapsulated UV filters and an ultra-light base across its UV Shield Series to

drive consistent daily usage.

• Saudi brand Asteri Beauty expanded into skincare with "desert-proof" formulations designed for extreme heat, dry air, humidity, wind, and constant air-conditioning, reinforcing climate-led authenticity as a product differentiator.

##### POTENTIAL OUTCOMES BY 2036:

• Stronger leadership positions in high-growth suncare and climate-resilient skincare, higher repurchase rates, and expanded regional exports for brands that can prove performance in real conditions.

#### 2 Deploy AI to improve personalization and strengthen halal compliance operations.

Use AI to boost conversion and to reduce compliance friction (document control, ingredient screening, supplier verification, audit readiness). Businesses that integrate AI into both the consumer journey and the back office will move faster and waste less.

##### RELEVANT DEVELOPMENTS & PRECEDENTS:

• DR's Secret is expanding its Skin Studio AI into Malaysia and Indonesia with Revieve, using self-ie-based diagnostics to assess 120+ skin metrics and generate instant personalized routines.

• ParagonCorp's Kahf launched DECODE, an AI-powered immersive grooming ecosystem that combines diagnostics, dermatological science, and lifestyle insights

to tailor Indonesian men's skincare, haircare, style, and fragrance choices.

##### POTENTIAL OUTCOMES BY 2036:

• Higher conversion and retention, faster product iteration, and halal supply chains excellence that scale across Muslim Markets with lower compliance cost per SKU.

### CHALLENGES

#### 1 Supply chain fragility from trade and tariff uncertainty.

Cross-border inputs (ingredients, packaging, semi-finished goods) face cost shocks, delays, and policy shifts, especially for products requiring strict documentation and controlled handling. Businesses need diversification, ingredients localization where viable, and stronger inventory and supplier risk management.

##### RISK:

• Stockouts, delayed launches, margin compression, lost tenders/retail slots, and reputational damage if halal or safety compliance breaks under supply stress.

*In many cosmetics companies, halal initiatives are still viewed as a cost center; the priority now is to reposition them as a value creating investment.*

ADITYA YUDHA, DIRECTOR OF IHATEC

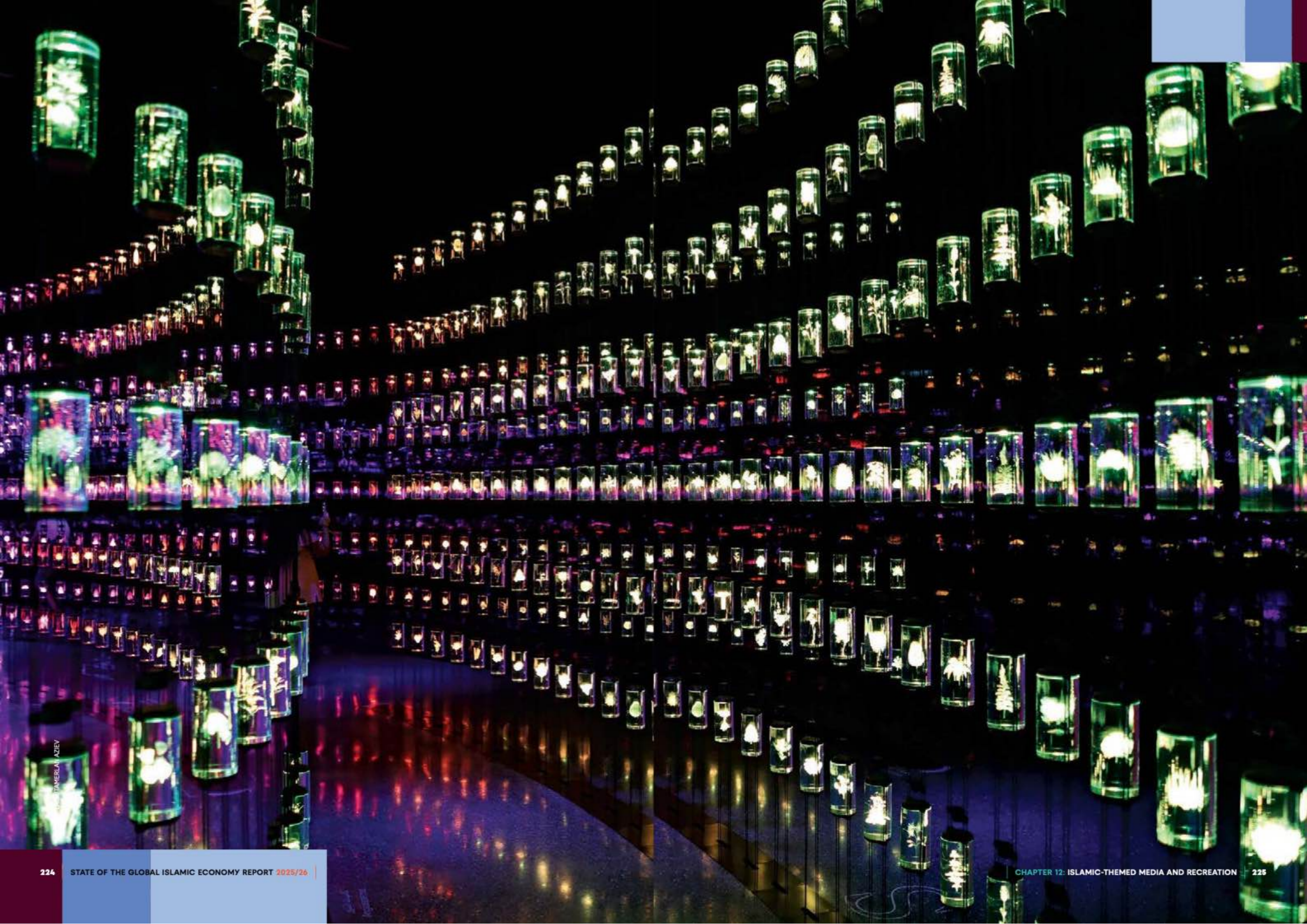
CHAPTER

CHAPTER

# 10

## Islamic-Themed Media and Recreation





AMERLA AZIEV

# MEDIA AND RECREATION

ALL FIGURES IN US\$ BILLION, UNLESS STATED OTHERWISE

## CONSUMER POWER

Represented by **\$276 billion of consumer spending by 2 billion Muslims** on media & recreation (2024). YOY growth 2023-24 of 6.4%, reaching **\$364 billion by 2029** (5.7% CAGR).



## TOP 5 MEDIA AND RECREATION MUSLIM CONSUMER MARKETS



\*All estimates by DinarStandard. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2021 consumer data as baseline reference. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from Jan 2025 to Dec 2025. SEE APPENDIX FOR DETAILED METHODOLOGY. OIC: Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.

## INVESTMENT BUILDERS

● = 1 deal

Capital is consolidating the media and recreation supply chain, not just funding its brands.

**\$1.49 billion**

Disclosed value for all 59 deals in 2025.



### TOP COUNTRIES BY TOTAL DEAL VALUE AND NUMBER OF DEALS

US\$ MILLION (2025)

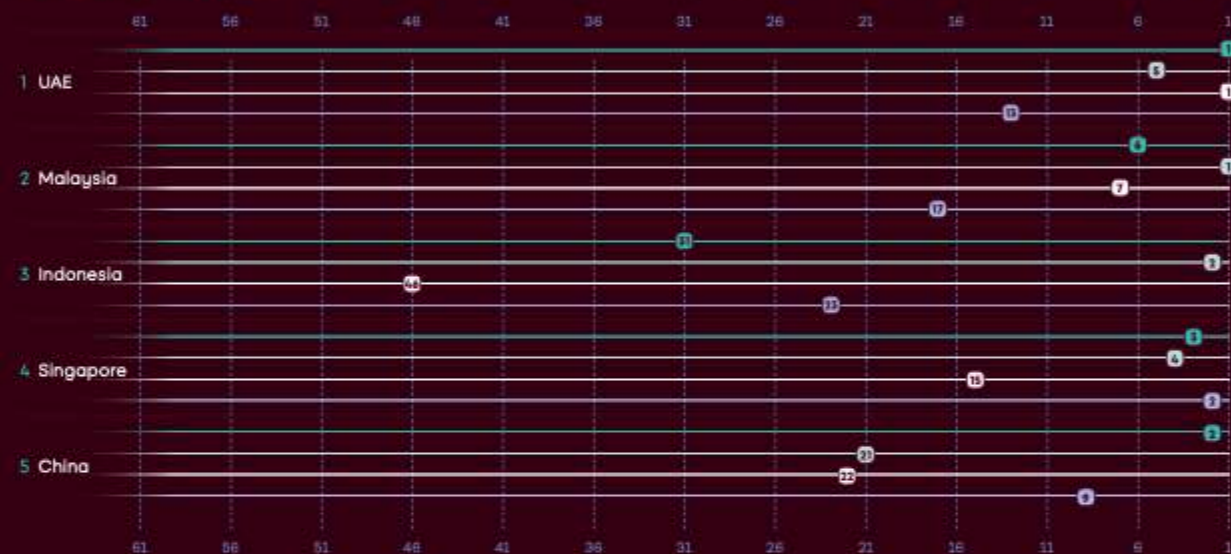


## SOVEREIGN INDEX

■ Financial ■ Awareness ■ Social ■ Innovation

### MEDIA AND RECREATION – GLOBAL ISLAMIC ECONOMY INDICATOR (GIEI) RANKING (2025)

(SEE CHAPTER 4 FOR DETAILS)



## KEY DEVELOPMENTS

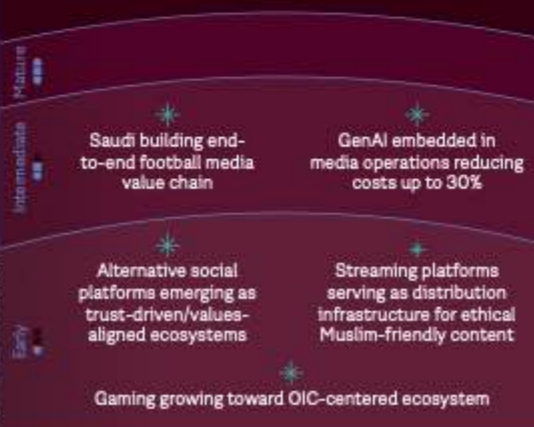
Muslim-majority markets are investing in the platforms that define cultural identity at scale.

1	<b>INVESTMENT</b>	Saudi PIF leads US\$55B acquisition of EA Sports — kingdom targeting global gaming hub.
2	<b>SOCIAL IMPACT</b>	'Voice of Hind Rajab' wins Venice prize and nominated for 2026 Oscars.
3	<b>ECOSYSTEM</b>	TRT's Tabii surpasses 11M users — Türkiye streaming service expands into MENA.
4	<b>SOCIAL FINANCE</b>	OnePath Network launches Waqf fund with Awqaf Australia — endowment model for Muslim media.
5	<b>REGULATION</b>	UAE launches influencer permit regulation — transparency and consumer protection in creator economy

## SIGNALS OF OPPORTUNITIES

Five shifts redefining media's role in the halal economy, including youth content platforms.

IMPACT + Low + Moderate + High





# Media and Recreation

Global Muslim consumer spending on media reached approximately US\$ 276 billion in 2024, reflecting 6.4% growth from US\$ 260 billion in 2023, and is projected to reach US\$ 364 billion by 2029, representing a 5.7% CAGR over the forecast period.

**DRIVEN BY RAPID MOBILE ADOPTION**, expanding digital infrastructure, and accelerating AI innovation—alongside improving media literacy—media is becoming an increasingly important pillar of the Islamic economy, particularly in strengthening Ummah integration and shaping global narratives.

In OIC countries, media has historically been dominated by consumption, but is now evolving into an integrated content production and distribution ecosystem. Two distinct investment dynamics are driving this shift — sovereign-backed capital in the Gulf building commercial media value chains across gaming, live sports, and broadcast; and grassroots funds and angel networks across Southeast Asia and Muslim diaspora markets backing independent creators and niche platforms. Although most investment is not yet exclusively targeting Islamic-themed content, together they represent the early architecture of a Muslim-owned content ecosystem.

The media sector is among the most impacted by technological advancements, particularly the rise of generative AI, which is disrupting value chains across content creation, distribution, and monetization. AI is reducing production costs by up to 30%, making media production more affordable—especially for independent creators. It also enables content moderation and localization at scale, which are critical for Islamic and ethical media and were previously difficult to achieve without significant budgets and resources typically dominated by large players.

At the same time, AI introduces new challenges, including copyright concerns and the spread of hate and misinformation. While several major OIC countries represent large media user bases, protection frameworks and media literacy remain at an early stage of development. Governments across OIC countries are increasingly moving

toward regulatory responses to build a more sustainable and safe media ecosystem.

Consumers are also demonstrating stronger ethical awareness and activism in their media consumption. Demand is rising for content that is unbiased and free from harmful narratives, driving innovations such as AI-based content filters, alternative social media platforms, and regulatory interventions. Platforms such as Upscrolled—an alternative social media platform founded by a Palestinian-Jordanian-Australian technologist—reached number one on the U.S. App Store in January 2026, partly in response to concerns over shadowbanning, particularly related to Gaza.

The Palestinian issue has also become a significant driver of Muslim media activism globally. Films have gained traction amid this wave of activism, including “Voice of Hind Rajab,” which was nominated for Best International Feature at the 2026 Oscars, and “No Other Land,” which gained recognition in the Best Documentary category at the 2025 Oscars.

This momentum extends beyond content production. On the grassroots end, Watermelon+ and Seen TV are amplifying Palestinian and underrepresented voices — community-driven and cause-led. On the institutional end, TRT’s Tabii surpassed 11 million users in 2025, reflecting Türkiye’s deliberate cultural export ambitions. Together, they signal that values-driven media distribution is no longer only aspirational — it is being built.

## 2025/26 Developments

### Updates on Revenue Developments

Large-scale investment into the Saudi Arabian media ecosystem across streaming, e-sports, and gaming signals a structural move toward controlling end-to-end digital entertainment value chains.

- Saudi Arabia’s PIF leads a US\$ 55 billion buyout of EA Sports through a consortium with Silver Lake<sup>540</sup>. This transaction is part of Vision 2030 and the National Gaming and Esports Strategy, aimed at positioning the Kingdom as a global hub for gaming and esports.
- Saudi Arabia’s sovereign wealth fund subsidiary, Qiddiya, has acquired RTS, the company behind the world’s largest esports tournament the Evolution Championship Series (EVO).<sup>541</sup>
- DAZN, a London-based live sports streaming subscription platform, has inked a minority investment deal with Saudi Arabia’s SURJ Sports Investment, reportedly valued at US\$ 1 billion.<sup>542</sup> As part of the agreement, SURJ and DAZN will establish DAZN MENA, a new sports broadcasting and on-demand sports content platform.

Family-friendly and Muslim-aligned streaming platforms are expanding across MENA, highlighting ethical and universal content consumption.

- Türkiye’s global streaming service, Tabii, has launched in the MENA region. Following its launch in May 2023 in Türkiye, the platform has grown rapidly, offering high-quality, family-friendly content with universal appeal.<sup>543</sup> It features more than 40 original productions across series, films, documentaries, and children’s content, as well as an exclusive library of popular TRT productions.
- ATV has licensed Turkish drama content to Noor Play as part of its MENA expansion.<sup>544</sup> The premium catalogue included in the deal features *Street Birds (Ateş Kuşları)*, *Lifeline (Sen Anlat Karadeniz)*, *Zembilli*, and *Akinci*.
- Watermelon+ was launched to create a powerful and independent voice rooted in Palestinian identity and driven by justice.<sup>545</sup> The platform streams critically

### REVENUE DEVELOPMENTS

#### Latest Projections

Muslim consumer spending on media and recreation reached US\$ 276 billion in 2024, reflecting 6.4% growth from US\$ 260 billion in 2023, and is projected to reach US\$ 364 billion by 2029, representing a 5.7% CAGR over the forecast period. Türkiye, the United States, and Indonesia remain the largest markets globally for Muslim media and recreation spending.

*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.*

### INVESTMENT SUMMARY

COUNTRY	DEAL TYPE	ORGANIZATION NAME	DEAL VALUE (US\$ MILLION)
Saudi Arabia	Private Equity	Noon	500
Indonesia	Private Equity	Surge	238
Pakistan	Venture Capital	Walrus	140
United Arab Emirates	Venture Capital	IMENA Group	135
Uzbekistan	Venture Capital	Uzum	70

SOURCE: VARIOUS SOURCES, DIJARSTANDARD ANALYSIS

acclaimed films, including *Omar*, *Theeb*, *From Ground Zero*, and *Five Broken Cameras*.

Creative Muslim IP storytelling and animation are gaining momentum, attracting increasing attention and engagement across the global Muslim consumer market.

- Tales of Khayaal was launched in late 2025, reaching over 5,000 audiobook listeners, with a game currently in development.<sup>546</sup> The project introduces a creative fictional universe inspired by Islamic spiritual concepts and the richness of diverse Muslim cultures.
- Time Hoppers: The Silk Road was released in more than 660 theatres across the United States, highlighting the growing presence of Muslim children's films.<sup>547</sup> The animated feature follows four gifted children from 2050 who discover time travel and set out to protect history's greatest treasures along the ancient Silk Road from an evil alchemist.
- Monsta's Ramadan micro-series, *Papa Pipi Terpaling Puasa*, garnered 182 million views across YouTube, TikTok, and Instagram within one month.<sup>548</sup> The 30-episode series became one of the most successful digital Ramadan campaigns of the year in Malaysia. According to Monsta, its humorous and down-to-earth portrayal of family life, marital relationships, and daily routines resonated strongly with audiences.

Although Islamic themes remain limited, Türkiye's growing mobile gaming vertical continues to attract large funding and reinforce its role as a global gaming hub.

- Dream Games, the mobile gaming studio behind *Royal Match*, has raised US\$ 2.5 billion in debt and equity.<sup>549</sup> Private equity firm CVC Capital Partners is the sole investor in the equity deal. The transaction values the Turkish company at US\$ 5 billion.
- Turkish mobile studio Bigger Games has raised US\$ 25 million in Series A funding to scale its flagship title, *Kitchen Masters*.<sup>550</sup> The investment was led by Goldwater Capital, with additional backing from Arcadia Gaming Partners, Index Ventures, and Play Ventures.
- Turkish mobile game developer Good Job Games secured US\$ 60 million in Series A funding, led by Menlo Ventures and Anthos Capital.<sup>551</sup>

## OPERATIONAL DEVELOPMENT

AI is now embedded in the media value chain and operational workflow.

- Al Jazeera Media Network launched a core AI-integrated news model built on Google Cloud. It is tailored to the entire news production lifecycle, from information gathering to content delivery. The model embeds AI alongside human journalists, enabling them to focus on high-value work and training.<sup>552</sup>
- Astro Awani launched an AI guideline named JIWA for AI utilization in its newsroom, becoming the first

media organization in Malaysia to provide a dedicated framework for the use of AI technology in newsroom operations.<sup>553</sup>

- Media Matters for Democracy launched "SHafaat AI," integrating AI into Pakistani newsrooms to empower independent journalism through technological innovation, capacity building, and institutional support.<sup>554</sup> AI solutions will be implemented across several core areas of journalism, from information management and research to audience insights.

AI helps with localization, personalization, and moderation.



UNSP/AS/KYLE LOFTUS

tion, enabling media to make content more relevant for community development.

- Muslim Pro highlights localization, moderation and personalization of its multilingual audience as part of key AI initiatives.<sup>555</sup> Muslim Pro has the Ask AiDeen chatbot and Ummah Pro for its community.
- Muslim AI companion launches as a multilingual Islamic assistant for the global Muslim community. Indonesian apps feature key capabilities, including diverse AI companions, faith-based conversations, and emotionally intelligent support—building a supportive companion for one's spiritual journey.<sup>556</sup>

## NATIONAL/TRADE DEVELOPMENTS

Competitive cash rebate schemes position MENA as a global film and TV production hub.

- Qatar introduced a 50% rebate program to boost film and TV production.<sup>557</sup> The incentive also allows productions to film parts of their projects in neighboring Arab countries while still remaining eligible for the program. The initiative was launched by the Film Committee at Media City Qatar. The structure includes a 50% rebate, with an additional uplift of up to 10% for projects that contribute to the local Qatari economy.
- The Jordan Royal Film Commission has increased its cash rebate for international film and TV productions to 45% as part of its incentive offering.<sup>558</sup> Over the past two years, Jordan has attracted major film productions, with top movies filmed in the country including *Dune* and *Star Wars*.
- The Abu Dhabi Film Commission announced a new set of criteria to support film and television productions, offering a 50% cashback effective January 1, 2025.<sup>559</sup> The new system includes a points-based structure and increases the total financial assistance cap from US\$ 5 million to US\$ 10 million. Since 2013, more than 170 major projects have been filmed in Abu Dhabi under the incentive program, including *Mission: Impossible*, *Furious*, and *Dune: Part Two*.

Governments introduce permits and taxation frameworks for influencers and digital creators.

- The UAE Media Council launched the "Advertiser Permit," a new regulation requiring UAE-based influencers to obtain a government permit before posting promotional content.<sup>560</sup> The policy aims to promote transparency, professionalism, and consumer protection in digital advertising. The permit will be issued free of charge for the first three years.
- The Iraq Communications and Media Commission introduced a new policy imposing registration requirements and annual fees on social media influencers. Influencers are required to register annually and pay fees based on their follower count. The regulation aims to establish a framework that sets standards

and procedures for digital content and advertising on social media platforms, ensuring transparency, credibility, and public protection. Annual registration fees range from IQD 250,000 to IQD 1 million (approximately US\$ 190 to US\$ 760), with influencers who have more than 5 million followers paying the highest amount.<sup>561</sup>

- Indonesia's Financial Services Authority (OJK) is finalizing progress on regulations for financial influencers.<sup>562</sup> The policy is expected to launch in Q1 2026 and aims to enhance credibility, consumer protection, and transparency for content that may influence the public.

## ECOSYSTEM DEVELOPMENT

Governments intensify regulation and bans on global games over moral and child-safety concerns.

- Iraq's Ministry of Communications imposed a nationwide ban on Roblox following a ruling from the Supreme Federal Court, citing security, social, and moral concerns.<sup>563</sup> The Ministry of Communications stated that Roblox contains harmful content that targets children and families, including harassment and blackmail.
- Al-Azhar's Global Fatwa Center also warned that Roblox is unsafe for children.<sup>564</sup> It stated that the platform can draw children into an addictive spiral that wastes time and encourages harmful behavior. The center called on parents, educators, and media authorities to highlight the dangers of the game and protect children.
- The Spiritual Administration of Muslims of Kazakhstan (SAMK) declared GTA and similar games haram, stating that they include immorality, violence, and potential emotional harm, and do not conform to Islamic principles. However, SAMK's ruling is advisory and not legally binding.<sup>565</sup>
- Malaysia is assessing the need to license at least 10 online games, including Roblox, as part of a broader regulatory framework.<sup>566</sup>

Independent Muslim creator movements organize to build purpose-driven media ecosystems

- In Kuala Lumpur, the GMC Summit launched a global movement for purposeful Muslim content.<sup>567</sup> The event was hosted by One Path Network in Kuala Lumpur and brought together content creators driven by conviction, passion, and service with purpose.
- A new Muslim Creators Network (MCN) was also announced, uniting British Muslim creatives.<sup>568</sup> The inaugural MCN meeting brought together influencers, broadcasters, artists, community leaders, and journalists to reshape the potential and birth of Muslim representation in media and entertainment. MCN is set to officially launch in March 2026 and is part of the Muslim Women Network UK (MWNNUK). The group

argues that British Muslim creatives face significant challenges, including misrepresentation, Islamophobia, lack of access, tokenism, and underemployment. MCN aims to dismantle these barriers through training, connection, and collective influence.

- The GEMS Summit, held in January 2026, brought together Muslims from across multiple domains, including media, culture, and the arts.<sup>569</sup> Major Muslim practitioners joined the platform to defend the independent collective movement in the Ummah media, strengthening power through independence, influence, integration, and security.

## INNOVATION DEVELOPMENT

### AI-powered filters launch to enable Muslim-friendly media consumption.

- Saudi Arabia launched "Al-Maqraa," an AI-powered Qur'an studies platform available in 10 languages.<sup>570</sup> The platform is designed to improve global comprehension of Islamic teachings by delivering precise translations, Qur'anic interpretations, and interactive learning tools.
- HaramBlur launched its mobile application, enabling users to filter harmful or inappropriate content.<sup>571</sup> Founded in 2023 as a browser extension, HaramBlur leverages AI for instant image and video analysis, blocking content quickly while maintaining strong privacy standards. The platform has recorded hundreds of thousands of downloads globally.
- Humain, a Saudi Arabia-based startup, launched *Humain Chat*, an Arabic-first chatbot designed to

reflect the region's language, culture, and values.<sup>572</sup> The application is being described as the world's first "Halal AI," fluent in Arabic, culturally sensitive to Islamic values, and capable of managing bilingual conversations.

### OIC local social platforms launch as alternatives to mainstream networks.

- Upscrolled reached 2.5 million users in early February 2026, emerging as an alternative platform following TikTok's US takeover.<sup>573</sup> Founded by a Palestinian-Jordanian-Australian technologist, Upscrolled positions itself around transparent algorithms and freedom of expression.
- Türkiye's local social media platform, Next Sosyal, has surpassed one million users, offering a space for individuals to freely express their views.<sup>574</sup> The platform is primarily designed for sharing news, technology, lifestyle, and current affairs-related content.
- Salam Life, a US-based social networking platform built around Islamic values, was launched at the end of 2025.<sup>575</sup> Designed for Muslim communities, the platform provides separate spaces for men and women, automated AI-based translation, and strict content moderation to limit harmful or inappropriate material.
- Entrepreneurs from Bangladesh have launched a series of ethical digital platforms, including *Hikmah* (social media), *Mahfil* (video-sharing), and *Kahf Kids* (child-safe content).<sup>576</sup> Led by former Meta executives and the founder of WeDevs, these platforms aim to serve as safer alternatives to global platforms such as Facebook and YouTube.



SHUTTERSTOCK/SEVENTYFOUR

## SOCIAL DEVELOPMENT

### Palestinian cinema gains global recognition, amplifying underrepresented narratives.

- The Gaza war film *The Voice of Hind Rajab* won second prize at the Venice Film Festival 2025 and was nominated for Best International Feature Film at the 2026 Oscars. Directed by Kaouther Ben Hania, the film tells the story of a five-year-old Palestinian girl who was killed during the conflict.<sup>577</sup> The film uses real audio recordings from Rajab's hours-long phone call with the Palestinian Red Crescent, documenting her final moments.
- The Israeli-Palestinian documentary *No Other Land* won the 2025 Oscar for Best Documentary. The film focuses on Palestinian communities fighting to protect their homes and was produced between 2019 and 2023. It follows the work of activist Basel Adra.
- *Once Upon a Time in Gaza* won Best Director in the Un Certain Regard section at the Cannes Film Festival.
- TRT co-production *Palestine 36* earned a place on the Oscars' International Feature shortlist. It portrays a defining moment in Palestinian history, centered on the British transfer of land to Jewish immigrants.

### AI-generated content accelerates the scale and reach of anti-Muslim hate.

- The Center for the Study of Organized Hate (CSOH) released a new study examining how generative AI tools are being weaponized to produce and spread anti-Muslim visual content at scale across social media platforms in India. Instagram emerged as the main amplifier, driving 1.8 million interactions across 462 posts. Sexualized depictions of Muslim women received the highest engagement, with 6.7 million interactions, highlighting the gendered nature of Islamophobia, where misogyny and anti-Muslim hate converge.<sup>578</sup>
- A separate study presented to the UK Parliament's Home Affairs Committee in September 2025 revealed that AI influencers are increasingly being used to spread anti-Muslim hate and far-right extremism.<sup>579</sup> The findings show that AI-generated images and videos portraying Muslims as threats or instigators of disorder received up to 30% more engagement than other types of content.

### Hybrid social blended fund launched to support Muslim media innovation and sustainability.

- OnePath Network launched a fund with Awqaf Australia. The capital is preserved as an endowment managed in Australia, where only the returns are used to fund OnePath's operations. Over the past 12 years, OnePath has reached 12 billion views.<sup>580</sup>
- Yayasan Wakaf Malaysia (YWM), together with TV Al Hijrah, launched a Wakaf Media Fund—a three-phase initiative aimed at supporting Islamic media content and dakwah activities in Malaysia.<sup>581</sup> The first phase focuses

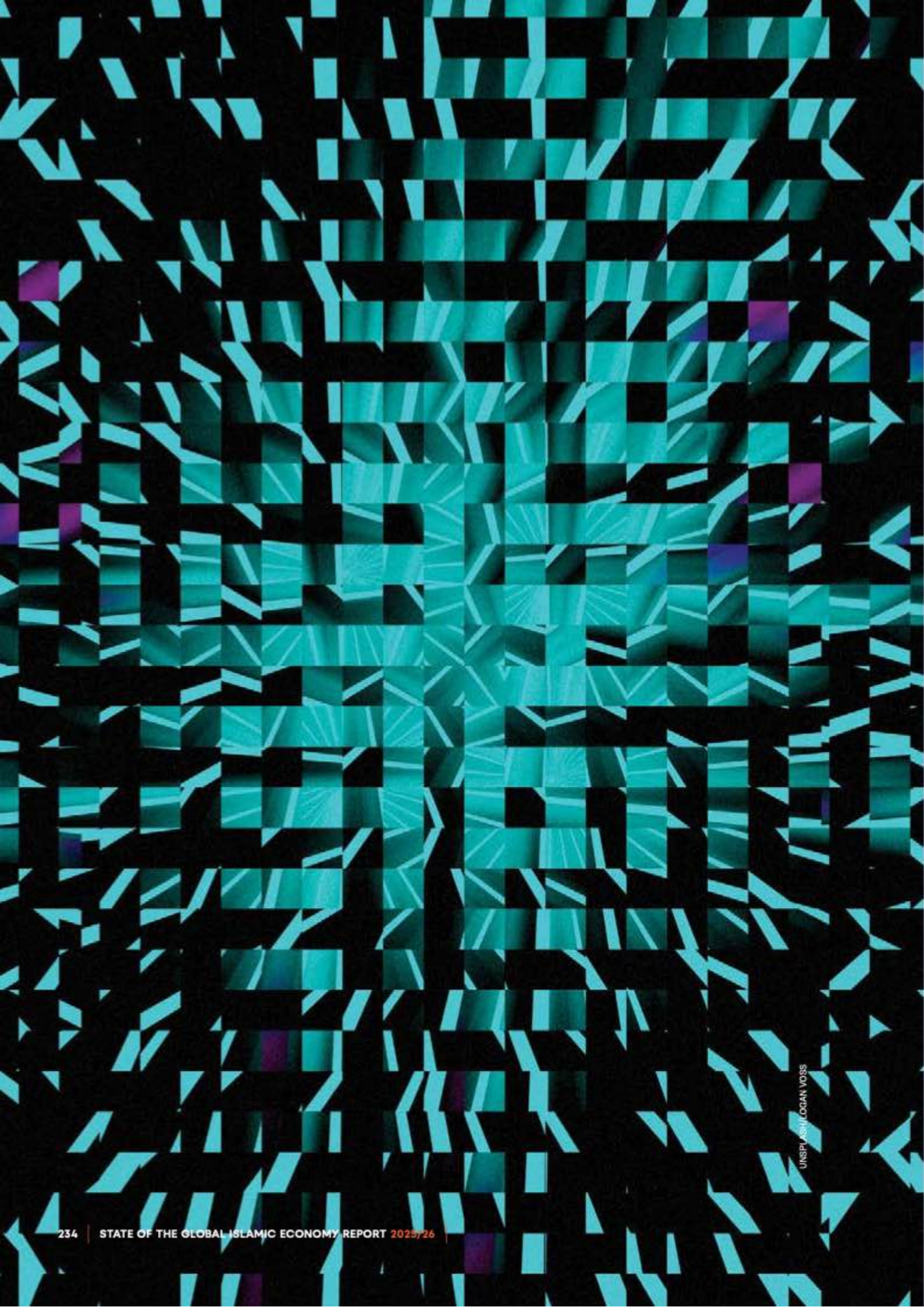


INSTAGRAM/THEVOICEOFHINDRAJABFILM

on funding educational programs, including Quran and Hadith initiatives, to improve public understanding of Islamic teachings. The second phase involves upgrading facilities and providing technical support, while the third phase focuses on long-term sustainability.

### Rising Muslim representation and voice in global sport and media narratives.

- Muslim athletes are gaining greater visibility within global football's elite recognition systems. In 2025, 4 of the top 10 Ballon d'Or rankings were held by Muslim players, with Dembélé winning the award, alongside Lamine Yamal, Mohamed Salah, and Achraf Hakimi.<sup>582</sup> This signals growing visibility and influence within global sports narratives.
- Although not as significant as in 2024, the Saudi Pro League maintained momentum in 2025 through high profile transfers such as Darwin Núñez and João Félix, reinforcing the role of Muslim majority markets in shaping the global football and recreation ecosystem.<sup>583</sup>
- Muslim elite athletes also amplified their voices on Palestine, including Mohamed Salah. Non-Muslim figures such as Pep Guardiola and Eric Cantona also expressed support, generating significant media attention and discussion within the global sports arena.



UNSP/ASH/LOGAN VOSS



# SIGNALS OF OPPORTUNITIES

IMPACT: + Low + Moderate \* High      MATURITY: ● Early ●● Intermediate ●●● Mature

1

**GenAI is becoming a core enabler for localized content production and moderation.**  
 It personalizes content across languages and user preferences at scale. GenAI could reduce costs by around 10% across the broader media industry and up to 30% in TV and film production.

IMPACT: \* MATURITY: ●●

2

**Saudi investment is increasingly focused on building the football media value chain.**  
 Billions of dollars have been invested to elevate the Saudi Pro League, attract major global sports icons, host the Islamic Solidarity Games Riyadh 2025, invest in platforms such as EA Games, DAZN Streaming, and EVO championship, and prepare for the 2034 FIFA World Cup.

IMPACT: \* MATURITY: ●●

3

**Alternative social platforms are emerging as trust-driven media ecosystems, responding to concerns around moderation bias, censorship risk, and platform dependency.** Early traction from platforms like Upscrolled and SeenTV indicates demand for values-aligned, community-governed digital spaces, though monetization models and scale remain at an early stage.

IMPACT: \* MATURITY: ●●

4

**Gaming is beginning to grow toward an OIC-centered ecosystem, although Islamic-themed content remains limited.**  
 Major acquisitions by Gulf investors, the rise of Turkish gaming companies, and the emergence of independent Islamic-themed games from the US, Germany and Pakistan signal early ecosystem development.

IMPACT: \* MATURITY: ●●

5

**Streaming platforms are increasingly serving as distribution infrastructure for ethical and Muslim-friendly media.**  
 Platforms including Tabii, Watermelon+, and Durioo+ are enabling scalable digital access to culturally aligned content.

IMPACT: + MATURITY: ●●

# Strategic Considerations by Stakeholders

With a large, young, and digital Muslim population, Muslim-friendly media is emerging as a sector that shapes global narratives and empowers the creative Ummah economy. For investors, hybrid funds targeting Muslim media—especially mobile gaming—offer untapped potential. Governments can support growth through industry-led self-regulatory frameworks and content incentives, while businesses can leverage AI-driven content strategies and talent development to unlock value.

## INVESTORS

### OPPORTUNITIES

**1** Investment in ethical mobile gaming across Islamic learning, casual play, and narrative adventure games inspired by Muslim culture and storytelling.

With the OIC gaming ecosystem expanding, opportunities are emerging for investors to support ethically aligned gaming, particularly in Asia and Africa. Demand for Muslim-friendly games is rising as families seek digital entertainment that reflects cultural and ethical values.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Multiple governments from OIC and non-OIC Countries launched regulations amid concerns over harmful content in the gaming ecosystem.

**2** Building a hybrid fund tailored to social finance to fund Muslim media.

Developing media and gaming MVPs requires significant time and resources, which can be challenging when relying only on conventional investors.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- OnePath Network launched a fund with Awqaf Australia.

- Turkish mobile studios secured major funding, including Dream Games, Bigger Games, and Good Job Games.
- Saudi Arabia made major gaming investments, including stakes in EA and Pokémon.
- Indie games launched or currently in development include Tales of Khayal, Sirah Games, and Mytic.

#### POTENTIAL OUTCOMES BY 2036:

- A vertically integrated, value-aligned gaming ecosystem spanning the full value chain, reducing reliance on foreign infrastructure providers.

- Yayasan Wakaf Malaysia (YWM), together with TV Al Hijrah, launched a Wakaf Media Fund.

#### POTENTIAL OUTCOMES BY 2036:

- Sustainable and inclusive media ecosystem, elevating underdeveloped media ecosystems.

### CHALLENGES

**1** A limited number of strong use cases and exits continues to depress investor confidence in Islamic-themed media.

Most major investments, acquisitions, and IPOs in OIC markets are still concentrated in general media, with relatively few focused specifically on Muslim audiences.

#### RISK:

- A limited number of Islamic-themed IPs are entering the investment pipeline, which is still dominated by general media.

*In the case of Al-Sirah, we have private sector investors who are aligned with our approach. The key is pushing the right buttons when it comes to commercial, social and spiritual expectations. We develop video game experiences that bring the birth of Islam to life through play.*

SENAD HARNJADOVIC, CEO, SENAM GAMES

## GOVERNMENTS

### OPPORTUNITIES

**1** Develop a self-regulatory organization (SRO) to support enabling regulatory structures and strengthen ethical standards across the creator economy.

Many governments still lack tailored regulatory frameworks for the emerging creator economy. Given the fast-evolving nature of the sector, policymakers could consider adopting a self-regulatory organization (SRO) framework. Under this model, an industry body develops codes of conduct and operational standards for the sector, with formal recognition and oversight from regulators.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- The UAE Media Council launched the "Advertiser Permit," a new regulation requiring UAE-based influencers to obtain a government permit before posting promotional content.

**2** Develop tailored local production incentives that go beyond financial support to include access to quality local talent.

Incentive schemes, such as cash rebates for local film production, should be integrated with structured talent development programs to maximize knowledge transfer and sustainable industry growth. Strategic partnerships with universities and local creator communities are critical to building long-term production capabilities.

#### RELEVANT DEVELOPMENTS & PRECEDENTS:

- Qatar introduced a 50% rebate program to boost film

- The Iraq Communications and Media Commission introduced a new policy imposing registration requirements and annual fees on social media influencers.
- GMC Summit launches global movement for purposeful Muslim content.
- Muslim Creators Network launched in the UK
- Upscrolled reached 2.5 million users in early February 2026, emerging as an alternative platform following TikTok's US takeover.

#### POTENTIAL OUTCOMES BY 2036:

- A responsible content ecosystem with higher quality content, supporting creative and sustainable livelihoods for creators, while also ensuring audience enjoyment, trust, and protection.

and TV production

- The Jordan Royal Film Commission has increased its cash rebate for international film and TV productions to 45% as part of its incentive offering.
- The Abu Dhabi Film Commission announced a new set of criteria to support film and television productions, offering a 50% cashback effective January 1, 2025

#### POTENTIAL OUTCOMES BY 2036:

- A developed local film industry with strong talent experience in global film productions.

## CHALLENGES

**1** **Rising Muslim hate content amplified by AI, especially in Muslim minority countries.** Increasing adoption of AI makes hate content easier to produce at scale, increasing the probability of high engagement and rapid spread. With current global political shifts, issues around Muslim identity, particularly in minority countries, are becoming more vulnerable to exploitation.

**RISK:**

- Rising Islamophobia and increased targeting of Muslim communities, with narrative discussions increasingly reflecting identity conflict rather than constructive or productive dialogue.

## BUSINESSES

### OPPORTUNITIES

**1** **Develop AI-integrated standards and modular playbooks for ethical content production, moderation, and localization.**

With the rise of generative AI, early-stage Muslim media players can now produce high-quality visual content at significantly lower cost and faster speed. As platforms scale, AI-powered moderation and localization become equally critical — ensuring content remains ethical, safe, and culturally relevant across a diverse and growing global Muslim audience.

**RELEVANT DEVELOPMENTS & PRECEDENTS:**

- Al Jazeera Media Network launched The Core.
- Astro AWANI launched AI guidelines for news reporting, named JIWA.
- Media Matters for Democracy launched Sahafat.AI for Pakistan's media newsroom.
- Muslim Pro leveraged AI for content moderation and localization across 190 countries and 60 languages
- AI-generated content accelerates the scale and reach

of anti-Muslim hate.

- Salam.life launched in the US, social media with strict content moderation to limit harmful or inappropriate material.

**POTENTIAL OUTCOMES BY 2036:**

- By 2036, Muslim media platforms operate with AI-integrated standards that enable efficient content production, safer moderation, and locally relevant experiences across diverse global Muslim audiences.

**2** **Talent development and a commercial agency for Muslim creators and athletes — positioned around strong ethics, fair and alignment.**

Muslim creators and athletes are growing in scale and influence, creating the need for professional agencies that provide not only representation, but also ethical, fair, and structured commercialization support.

**RELEVANT DEVELOPMENTS & PRECEDENTS:**

- The Gulf has made significant progress in attracting top football talent and acquiring major global clubs.
- Muslim athletes have become more vocal on issues such as Palestine.
- The GMC Summit launched a global movement for purposeful Muslim content.

- The Muslim Creators Network was launched in the UK.
- Upscrolled reached 2.5 million users in early February 2026, emerging as an alternative platform following TikTok's US takeover.

**POTENTIAL OUTCOMES BY 2036:**

- More Muslim creators and athletes tap the full potential and amplify voice of Ummah narrative.

## CHALLENGES

**1** **Major IP remains concentrated in local markets, with limited IP protection and weak monetization roadmap make limited interest to secure funding.**

Many IP assets remain local due to funding constraints, while securing funding is difficult because IP investment is a long-term play. This creates a classic chicken-and-egg problem that slows ecosystem growth.

**RISK:**

- Muslim IP remains fragmented, with many high-potential local IP assets unable to scale globally.

*We see a growing media trend where initiatives from the West are emerging and helping shape the Muslim narrative globally, such as companies like Watermelon Pictures and movies like the Oscar-nominated The Voice of Hind Rajab. In terms of technology, AI is also helping reduce costs by up to 30%, making media production more affordable, especially for independent media, which is an opportunity for new media players to make high-quality content at scale.*

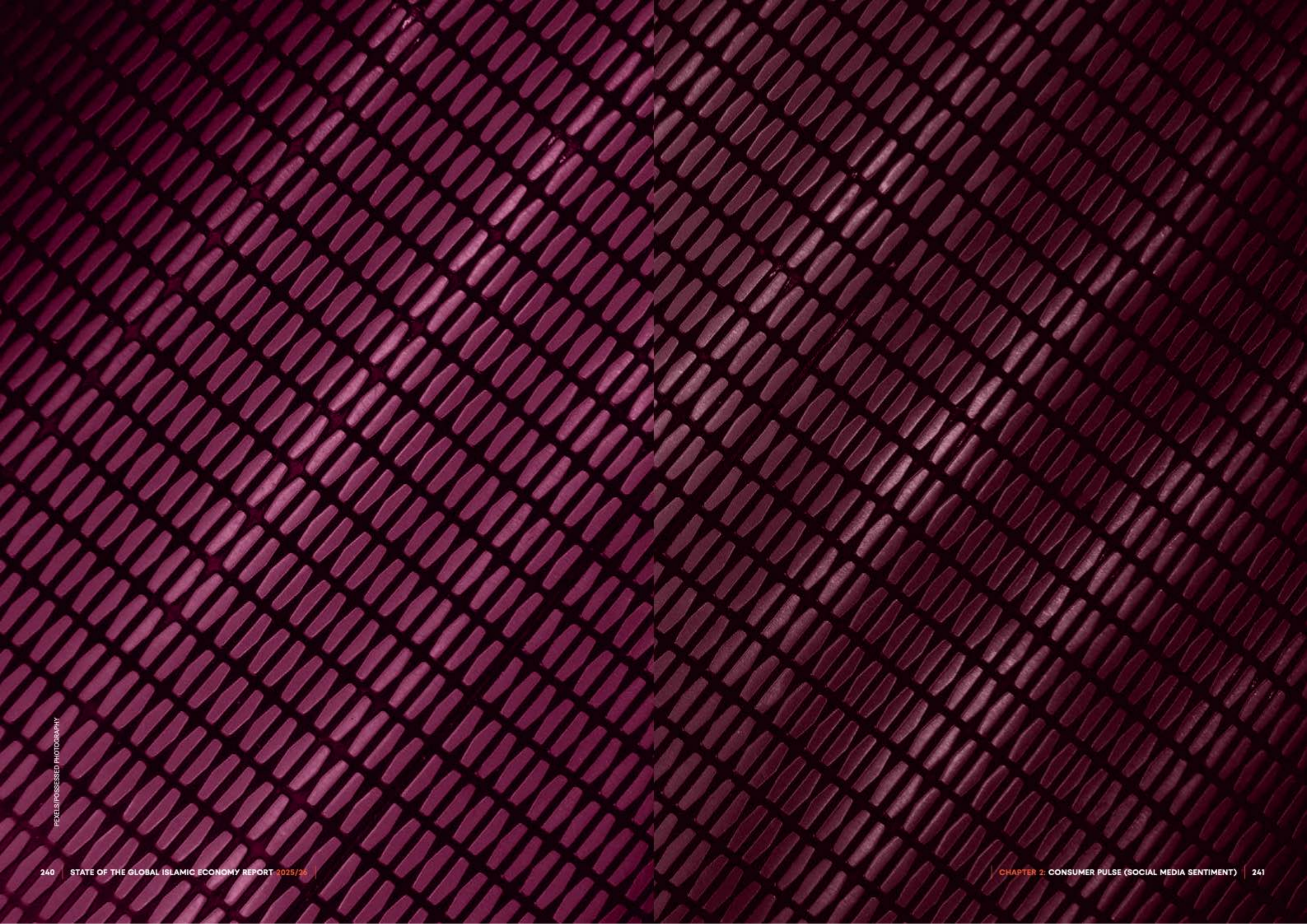
MARYA BANGEE, PARTNER, SILA, INC.

*Serving 190 countries in over 60 languages, one of our biggest challenges is remaining globally present while staying locally relevant. Our community feature (Ummah Pro) would not have launched without AI moderation and localization at scale.*

NAFEES KHUNDKER, GROUP MANAGING DIRECTOR AND CEO, BITS MEDIA PTE LTD



UNSPASH/TAMERLAN AZIEV



# 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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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.

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## 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)

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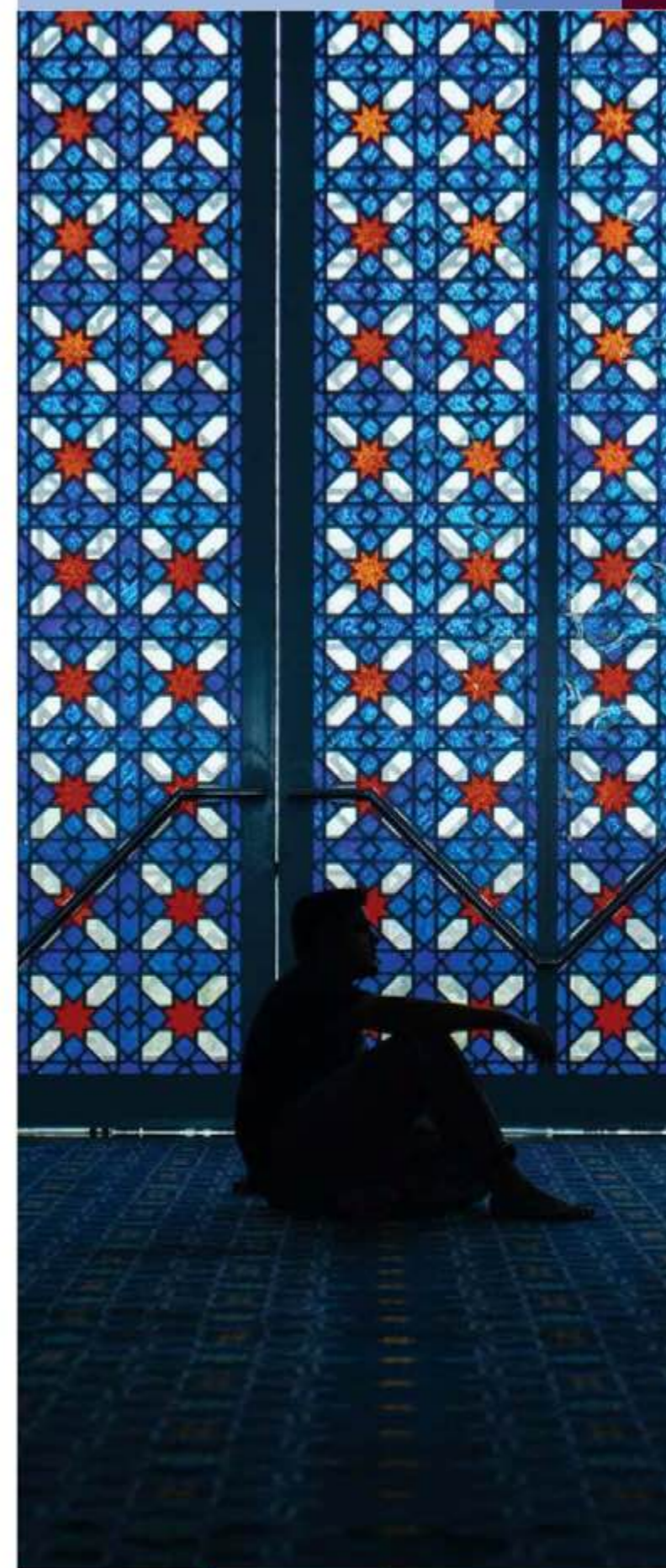
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PEXELS/MOHAMMED ALUM

# Report Purpose and Methodology

## Context

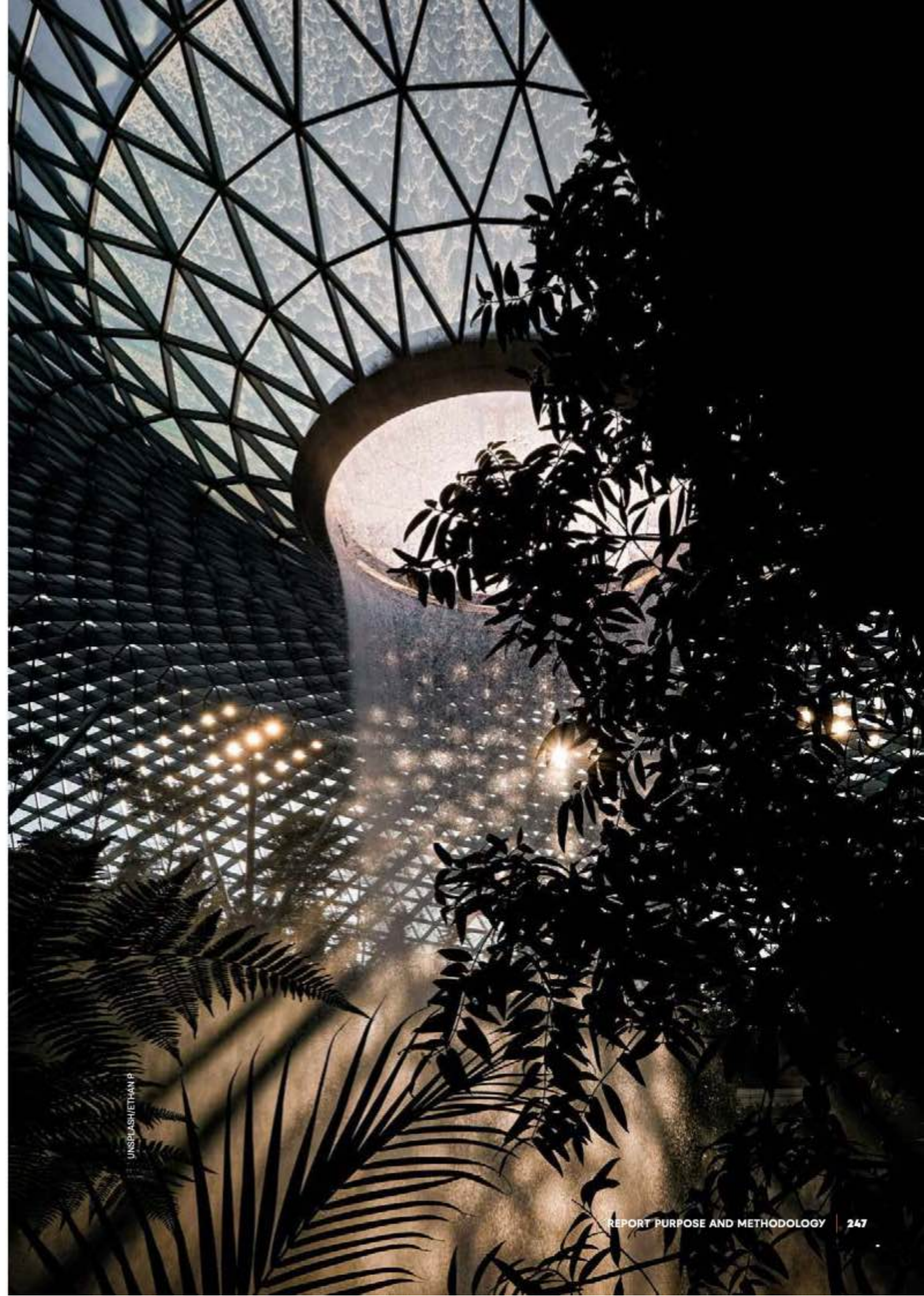
The 57 OIC (Organization of Islamic Cooperation) countries of the world represent close to 15% of global GDP (PPP). Furthermore, the Muslim population exceeds 2 billion, representing more than 25% of the global population, growing at a faster pace than the overall global population, and containing some 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

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 2025/26 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.



# Report Methodology

**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 49 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 500 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 presents sector-level opportunities and challenges that also leverage DinarStandard's related consulting and ongoing sector research-based experiences.






## APPROACH


In addressing its purpose, the report incorporates a top-down and bottom-up approach. This includes:

### INTERVIEWS






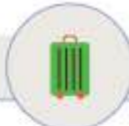
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-  **UK-based hospitality operator** managing a Muslim-friendly hotel portfolio, speaking anonymously.








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-  **Marya Bangee**  
Partner, SILA, Inc.

## 2. Trade Data Analysis

The OIC imports and their exporting markets are retrieved and synthesized by DinarStandard from the ITC Trademap database, using historical data up to 2024. Data interpolations were also conducted to minimize the impact of reporting lags. The OIC import projections for 2024-2029 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 2025.

29 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.

## 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\$ BILLION</b>		
X	Comprises: (by country) <ul style="list-style-type: none"> <li>• Food &amp; beverage</li> <li>• Footwear &amp; Clothing</li> <li>• Pharmaceuticals &amp; Cosmetics</li> <li>• Media &amp; Recreation</li> </ul>	National databases: <ul style="list-style-type: none"> <li>• International Comparison Programs (2021 baseline)</li> <li>• UN World Trade Organization</li> <li>• World Bank</li> <li>• DS Analysis and estimations</li> </ul>
<b>2. MUSLIM MULTIPLIER</b>		
=	Based broadly on: (by country) <ul style="list-style-type: none"> <li>• Muslim % of population</li> <li>• Relative income levels</li> <li>• Average family size</li> </ul>	Census data: <ul style="list-style-type: none"> <li>• DS Analysis and estimations</li> </ul>

## 4. Investment Research

An extensive list of investments made in the OIC and Islamic economy-specific investments outside the OIC over the period January 2025 to December 2025, 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 within the same timeframe.

Investments analyzed include mergers/acquisitions (M&A), private equity (PE), and venture capital (VC) transactions. VC refers to investments in early-stage or high-growth companies, typically through minority equity stakes to support innovation and scaling. PE involves investments in more mature businesses, usually through significant or controlling ownership aimed at improving operations and generating value before exit. M&A refer to transactions where one company merges with or acquires another, primarily to achieve strategic objectives such as expansion, capability acquisition, or market consolidation. 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.



UNSPLASH/ROHIT CHOUDHARI

## 5. Special Features: Social Media Listening

### BRAND IDENTIFICATION AND SCOPE

The analysis began by identifying alternative consumer brands that gained prominence during the wave of consumer-led activism surrounding the Gaza conflict. The initial list of brands was derived from the previous year's social media listening exercise and expanded to include newly emerging alternative brands that gained visibility over time. This resulted in a final sample of 40 prominent alternative consumer brands, selected to reflect the most visible players associated with the alternative consumption movement.

### RESEARCH OBJECTIVE

The purpose of this analysis is to assess whether the momentum generated by consumer activism has translated into sustained engagement with alternative brands, or whether it represented a temporary surge tied to geopolitical events.

If activism reshaped purchasing behavior at its peak, the critical question today is whether that behavioral shift has persisted. Specifically, the study examines whether alternative brands were able to convert heightened visibility into lasting consumer attention and engagement.

### SOCIAL MEDIA MONITORING FRAMEWORK

To evaluate consumer engagement and discourse, the selected brands' social media activities were monitored across:



The analysis distinguishes between behavioral signals and consumer expression. Instagram and Facebook were used to capture what consumers do, through engagement with brand content such as likes, comments, and shares, while X was analyzed to understand what consumers say, including sentiment, substitution narratives, values alignment, and purchasing intent.

To understand changes over time, the analysis was structured around three periods:

- **Pre-Movement Period (Before October 2023)** – a baseline period prior to the rise of consumer activism.
- **Initial Movement Period (October 2023 – March 2025)** – capturing the peak of activism through the ceasefire agreement period.
- **Current Period (Post-March 2025)** – assessing whether engagement persisted after the immediate momentum subsided.

### DATASET COVERAGE

In total, more than 86 million engagements across 26,809 posts were monitored on Instagram and Facebook, con-

sisting of 13,049 Instagram posts and 13,760 Facebook posts. Instagram accounted for 73.8 million interactions, significantly exceeding Facebook's 12.8 million interactions, underscoring the role of platform dynamics in shaping visibility and engagement.

To complement behavioral engagement data, the analysis also incorporated more than 9,300 tweets/posts on X referencing the same brands across the three periods. While Instagram and Facebook capture engagement behavior, X provides additional insight into consumer narratives, motivations, and perceptions surrounding alternative brands.

### ANALYTICAL APPROACH

This study adopts a triangulation approach, combining engagement metrics with conversational analysis to assess whether observed shifts reflect a sustained consumer realignment toward alternative brands or a temporary movement-driven spike.

The objective of this chapter is therefore not only to report engagement performance, but to evaluate whether alternative brands have successfully transformed movement-driven visibility into lasting consumer relevance.

## 6. AI Implementation

AI was utilized across multiple stages of the research and report development process to improve efficiency, consistency, and analytical depth. First, AI-supported trend and signal scanning was employed to synthesize development tracking and emerging signals from various sources. This process involved consolidating updates, developments, and policy-related information into structured insights to support horizon scanning and potentially establish an internal policy-tracking mechanism.

In the drafting stage, LLM-assisted content refinement was used to enhance consistency in language, tone, and structure across report sections. Rather than generating original conclusions, AI was applied to rephrase and standardize text outputs in line with DinarStandard's editorial style and communication approach. This included the development of tailored prompting frameworks to ensure alignment with DinarStandard's preferred writing conventions.

Finally, AI-supported summarization techniques were applied to develop presentation-ready outputs, including condensed PowerPoint versions of the report. This process focused on translating detailed analytical findings into concise executive-level summaries suitable for stakeholder presentations and workshops.

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