



AlBaraka Forum and Spectreco to Launch Groundbreaking Shariah-Compliant ESG Index in June

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In a major step toward harmonizing Islamic finance with global sustainability goals, the AlBaraka Forum for Islamic Economy has joined forces with Spectreco, a global provider of ESG analytics

and sustainability intelligence, to unveil a pioneering AI-enabled, Shariah-compliant ESG Index—scheduled for launch in June 2025 in Istanbul.

The announcement was made during the 45th AlBaraka Islamic Economics Symposium in Madinah, where thought leaders, scholars, and industry professionals gathered to explore the future of ethical finance. The newly developed index bridges Islamic financial principles (Maqasid al-Shariah) with internationally recognized ESG frameworks, offering a next-generation benchmark for values-driven investment.

Faraz Khan MBE, CEO of Spectreco, commented:

“We’re creating a transformative tool that fuses tradition with advanced technology. This index will help institutions in the Islamic world meet the growing demand for sustainable and principled investing, with Saudi Arabia leading the regional charge.”

The index applies robust Shariah-compliant screening—excluding impermissible sectors and evaluating financial ratios—alongside real-time, AI-powered ESG analysis. Built to meet increasing regulatory requirements, the platform offers transparency, traceability, and compliance support across multiple jurisdictions.

Sheikh Yousef Hassan Khalawi, Secretary-General of the AlBaraka Forum, added:

“This is more than a product—it is a vision for the future of Islamic finance. As global finance turns toward sustainability, this index ensures our ethical values remain at the forefront of innovation.”

Initial rollouts will focus on Saudi Arabia, the wider GCC, Southeast Asia, and select European markets—regions already seeing accelerated ESG mandates and a surge in interest for Islamic financial solutions that meet international benchmarks.

Khan noted that Spectreco’s platform offers an end-to-end sustainability intelligence system, integrating ESG risk metrics and compliance frameworks through a seamless, AI-supported interface designed specifically for Islamic financial institutions.

“Sustainability is no longer optional—it’s embedded in capital flows and regulatory frameworks. This index empowers Islamic economies to lead, rather than follow, in this transition,” Khan said.

According to Sheikh Khalawi, the Islamic economy is poised to reach \$7 trillion by 2028, yet the Islamic finance sector still comprises less than 5% of global financial assets. He believes the index will catalyze the creation of new, innovative products that satisfy both Shariah and global ESG requirements.

“We envision a truly global tool—from Southeast Asia to West Africa—that brings Islamic finance into full alignment with today’s sustainability agenda,” he stated. “This initiative is a bold step toward a more ethical, equitable, and resilient financial future.”

With countries like Pakistan actively transitioning to full Shariah compliance by 2027, and ESG reporting becoming a regulatory imperative across key markets, the launch of this index positions Islamic finance to meet the evolving needs of global investors and regulators alike.