



قاعدة بيانات صالح كامل للاقتصاد الإسلامي
Saleh Kamel Islamic Economy Database



الاقتصاد الإسلامي
ALBARAKA FORUM

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Saleh Kamel Islamic Economy Database
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Disclaimer: All data used in this report is sourced from Saleh Kamel Islamic Economy Database unless otherwise noted.



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Southeast Asia's Islamic Economy



Islamic Banks

33



Islamic Digital Banks

6



Islamic windows
for conventional banks

35



Halal Standardization and
accreditation bodies*

3



Takaful

40



Islamic Fintech**

140



Halal Certification bodies

10

*Two of which are standardization and accreditation bodies and one is a regulator.

**Including Islamic digital banks



Islamic Banking

«Global Mapping»

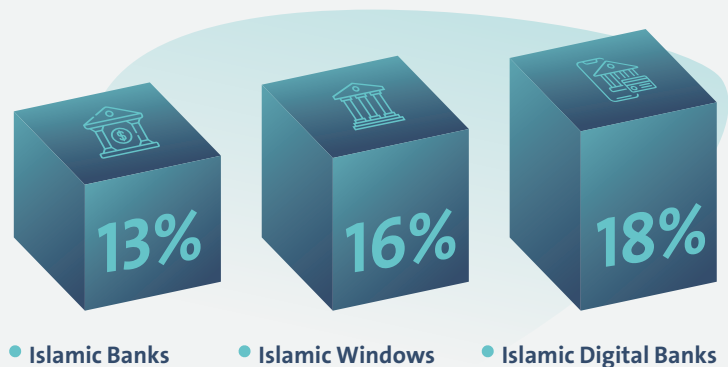
1 Distribution of Islamic Banking Institutions among Regions

Region	Islamic Banks	Islamic Windows	Digital Banks
Europe	14	9	12
GCC	39	35	5
Other MENA	104	38	-
Sub-Saharan Africa	30	31	4
Southeast Asia	33	35	6
South Asia	19	51	2
Central Asia	3	3	2
Other Asia	3	12	-
Americas	2	4	2

Islamic banking is experiencing global expansion, with notable growth in regions such as the GCC and the broader MENA area. Southeast Asia also plays a prominent role, with 33 Islamic banks, 35 Islamic windows, and 6 digital Islamic banks—showcasing a balanced mix of traditional and digital Islamic financial services. This growth is supported by proactive government policies and increasing demand for Sharia-compliant financing. As a result, Southeast Asia is emerging as a dynamic hub for Islamic banking, with strong potential for innovation, regional leadership, and broader financial inclusion.

2 Southeast Asia's share of the total number Islamic Banks Globally

Southeast Asia holds a significant share of the global Islamic finance sector, accounting for 13% of all Islamic banks, 16% of Islamic windows, and 18% of Islamic digital banks worldwide. These figures highlight the region's growing influence, particularly in the digital banking space, where it leads in innovation and adoption. The strong presence across all three categories reflects the region's balanced approach to Islamic finance—combining well-established institutions with modern financial technologies. This strategic positioning reinforces Southeast Asia's role as a forward-thinking and competitive player in the global Islamic banking landscape.

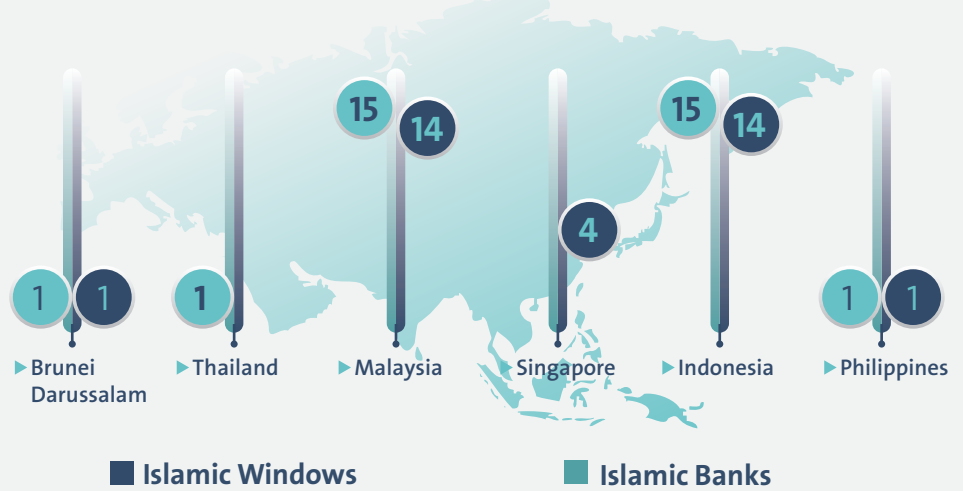




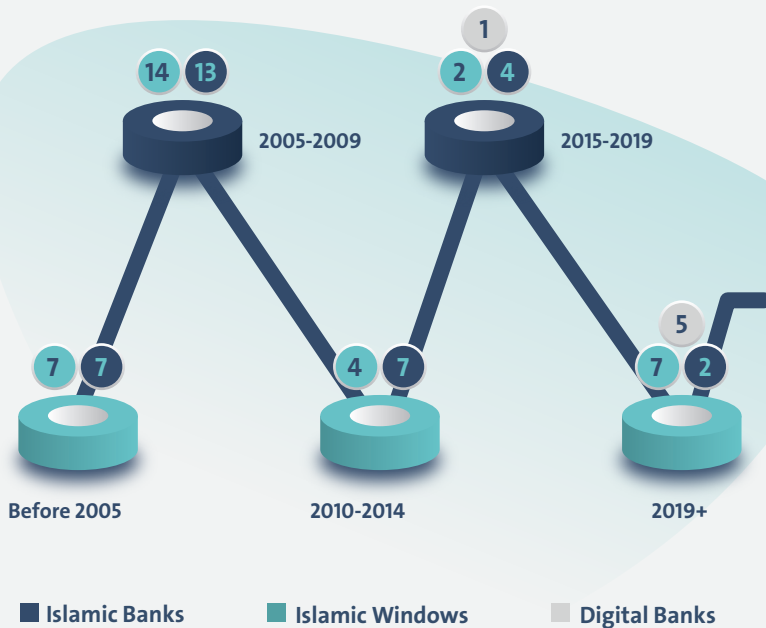
«Regional Distribution»

3 Islamic Banking Institutions Distribution across Southeast Asia

Islamic banking in Southeast Asia is concentrated in Malaysia and Indonesia, each with 15 Islamic banks and 14 Islamic windows. Other countries like Brunei and the Philippines have a minimal presence, each with one Islamic bank and one window. Singapore, while lacking Islamic banks, operates 4 Islamic windows, and Thailand has just one Islamic bank.



4 Number of Southeast Asia's Islamic Banking Institutions – Establishment Year



The development of Islamic banking in Southeast Asia has progressed through several distinct phases. Initially, before 2005, the sector was up and running with only 7 Islamic banks and 7 Islamic windows. A period of rapid expansion followed between 2005 and 2009, adding 13 banks and 14 windows. Growth slowed from 2010 to 2014, with just 7 banks and 4 windows established, and continued to decelerate between 2015 and 2019, which saw 4 new banks, 2 windows, and the emergence of the first digital Islamic bank. Since 2019, the focus has shifted significantly toward digitalization, with 5 digital banks and 7 windows launched, while only 2 traditional banks were added. This trend underscores a strategic pivot toward digital Islamic banking in response to evolving market dynamics and technological advancements.

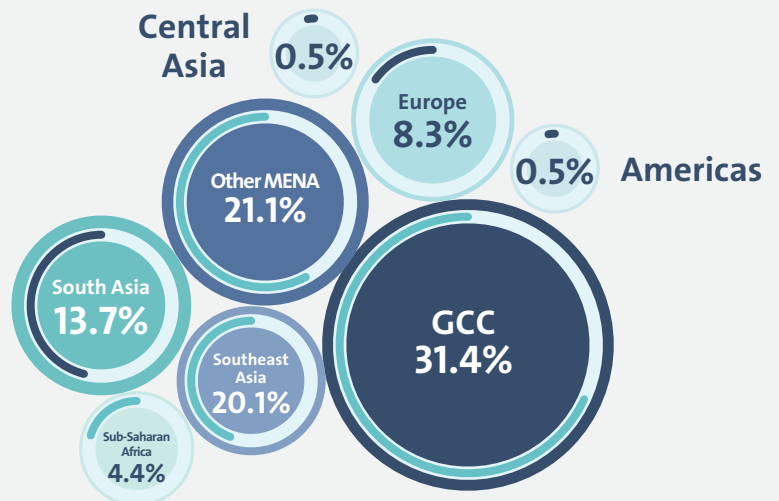


Takaful

«Global Mapping»

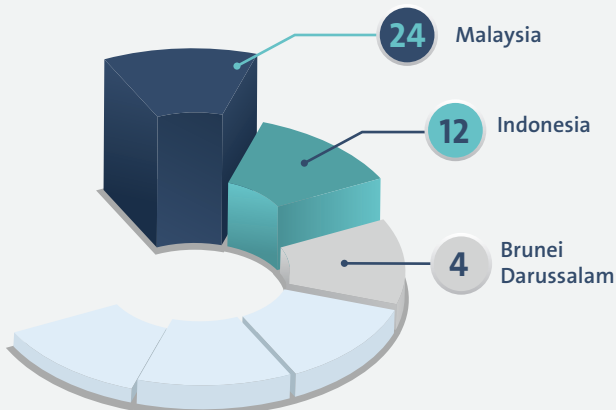
1 Distribution of Takaful Companies among Regions

Southeast Asia accounts for 20.1% of global Takaful companies, reflecting the region's mature Islamic finance markets, particularly in countries like Malaysia and Indonesia. The GCC region holds the largest share at 31.4%, driven by strong regulatory frameworks and deep-rooted demand for Shariah-compliant insurance. Other MENA countries follow with 21.1%, underscoring the region's longstanding presence in Islamic finance. South Asia contributes 13.7%, primarily led by Pakistan and Bangladesh. Europe holds 8.3%, showing a growing interest in Takaful. In contrast, Sub-Saharan Africa represents a modest 4.4%, while Central Asia and the Americas each account for only 0.5%, indicating limited Takaful development in these regions so far.



«Regional Distribution»

2 Takaful Companies Distribution across Southeast Asia



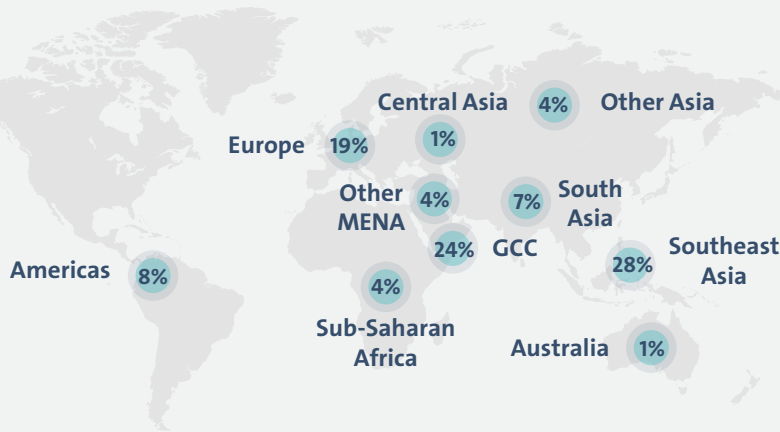
Southeast Asia's Takaful sector is steadily growing, with Malaysia leading at 24 providers, followed by Indonesia with 12, and Brunei with 4. Strong regulations and rising demand for Sharia-compliant insurance highlight the region's key role in the global Takaful industry's expansion. This distribution highlights Malaysia's leading role in the Takaful industry within the region, reflecting its well-established Islamic finance infrastructure and supportive regulatory environment.



Islamic Fintech

«Global Mapping»

1 Southeast Asia's Islamic Fintech Market Share



Southeast Asia leads the global Islamic fintech landscape with 28% of institutions, followed by the GCC at 24% and Europe at 19%, reflecting strong regional ecosystems and investment. South Asia 7% and the Americas 8% show growing interest beyond traditional markets. In contrast, regions like Other MENA, Sub-Saharan Africa, and Other Asia each hold 4%, While both Central Asia and Australia each hold a modest share of just 1%, this distribution highlights Southeast Asia's position as a pivotal hub for innovation in Islamic fintech, driven by a tech-savvy young population and supportive regulatory frameworks.

«Regional Distribution»

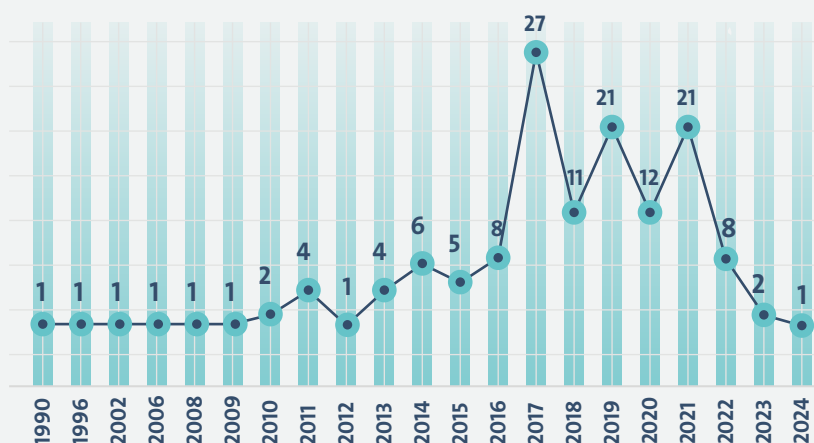
2 Islamic Fintech Companies Distribution across Southeast Asia

Building on Southeast Asia's leading role in Islamic fintech, a closer look within the region reveals that Malaysia and Indonesia are the dominant players, with 60 and 68 institutions respectively, underscoring their pivotal role in merging technology with Islamic finance. Singapore, with 10 institutions, maintains a modest but steadily growing presence, while Thailand, with just 2 institutions, reflects limited yet emerging activity. This distribution highlights the dominance of Indonesia and Malaysia, driven by supportive regulatory environments, and rising demand for digital financial solutions.





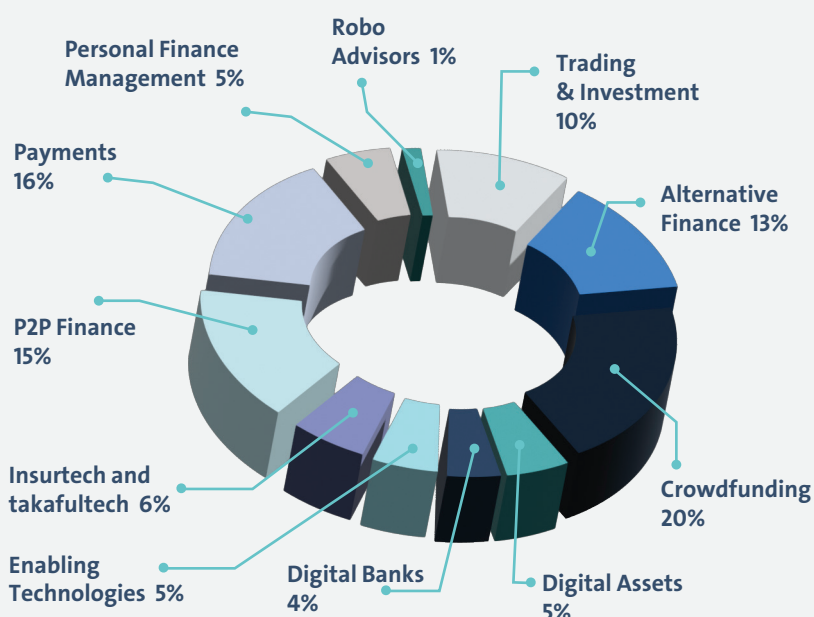
3 Islamic Fintech Timeline in Southeast Asia from 1990 to 2024



Southeast Asia has witnessed a gradual development in the emergence of Islamic fintech institutions during the period from 1990 to 2024. Between 1990 and 2009, growth was slow. However, starting in the second decade of the millennium, the pace of growth began to accelerate gradually. Between 2011 and 2014, Islamic fintech in Southeast Asia experienced consistent growth, with the number of institutions increasing from 4 in 2011 to 6 in 2014, reflecting growing interest in innovative Islamic financial solutions. The boom peaked in 2017, when 27 new institutions were established in that year alone, indicating a supportive environment and a regulatory climate conducive to the sector's growth. The momentum continued relatively in the following years, with 21 new institutions registered in both 2019 and 2021. However, the trend began to decline gradually after 2021, with only two institutions established in 2023 and one in 2024, possibly indicating market saturation or shifts in investment and innovation trends within the sector.

4 Percentages of Spread of each Service of Islamic Fintech in Southeast Asia

The distribution of Islamic fintech services in Southeast Asia reveals a focused and evolving landscape, with adoption heavily centered around practical financial tools. Crowdfunding 20%, payments 16%, and P2P finance 15% lead the sector, reflecting the region's emphasis on financial inclusion and accessible funding mechanisms. In contrast, lower adoption rates for robo-advisors 1% and digital banks 4% suggest persistent challenges, such as regulatory barriers and limited consumer confidence in fully digital financial solutions. This pattern underscores a fintech ecosystem driven by immediate financial needs, yet holding considerable room for growth in more advanced digital services.





Halal Industry

«Global Mapping»

1 Southeast Asia's Halal Certification Bodies Market Share

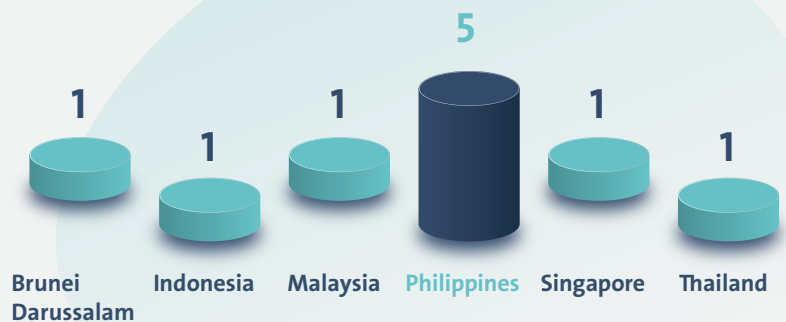


Globally, the distribution of Halal certification bodies reveals a surprising imbalance. Europe dominates the landscape with 39% of all certification bodies, followed by the Americas at 11%. Despite its large Muslim population and growing consumer demand, Southeast Asia accounts for only 4% of global Halal certification bodies. This limited share highlights a significant opportunity for growth and enhanced international engagement in this field.

«Regional Distribution»

2 Halal Certification Bodies Distribution across Southeast Asia

In Southeast Asia, there are 3 Halal standards setting and accreditation bodies and 10 certification bodies for Halal. The Halal certification landscape is led by the Philippines, which hosts 5 certification bodies. In contrast, Brunei Darussalam, Indonesia, Malaysia, Singapore, and Thailand each have 1 certification body, reflecting a more concentrated presence in the Philippines compared to other countries in the region. These countries primarily focus on serving their domestic markets, with less emphasis on large-scale exports. Nevertheless, their consistent participation supports the region's Halal ecosystem and positions Southeast Asia as a promising area for future development in the global Halal industry.





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COUNTRY FOCUS - MALAYSIA

1 Economic Sector Overview: Malaysia



Since gaining independence, in 1957, Malaysia has undergone a profound economic transformation, transitioning from a predominantly agricultural and commodity-based economy to a robust manufacturing and service sector-based economy. This evolution has positioned Malaysia as a leading exporter of electrical appliances, parts, and components, driving remarkable growth that elevated the country from low- to upper-middle-income status within a single generation.

Source: World Bank. (2024). Malaysia overview. Retrieved May 26, 2025.

Capital
KUALA LUMPUR



Currency
Malaysian
Ringgit (MYR)



POPULATION
35.56
Million



2 Key Milestones In Islamic Banking In Malaysia

1963

The establishment of the first Islamic financial institution began with the formation of the Pilgrims Fund Board (Tabung Haji), which was founded to help Muslims save for Hajj in a Shariah-compliant way.⁽¹⁾

1983-1992

The phase of building the institutional framework for Islamic banking

- The Islamic Banking Act (1983)
- Bank Islam Malaysia Berhad (BIMB) was established (1983)
- Takaful Act (1984)
- Syarikat Takaful Malaysia Berhad (STMB) was established (1984)
- Banking and Financial Institutions Act (1989).⁽²⁾

1993

The Government authorized conventional banks to offer Islamic banking services through their existing infrastructure and branch networks.⁽³⁾

1997

The Shariah Advisory Council of Bank Negara Malaysia was established as the highest authority on Shariah matters in Islamic finance.⁽⁴⁾

2002

Malaysia issued the world's first sovereign global Sukuk, marking a major step in the development of the Islamic capital market globally.⁽⁵⁾

2006

The launch of the Malaysia International Islamic Financial Centre (MIFC) was an initiative aimed at establishing Malaysia as a global hub for Islamic finance.⁽⁶⁾

Between 2014 and 2020

Islamic finance in Malaysia experienced exponential growth. Key regulatory developments during this period included the issuance of the Malaysian Code on Corporate Governance (MCCG 2017) by the Securities Commission of Malaysia (SC) and the Shariah Governance Policy Document by Bank Negara Malaysia (BNM) in 2019.⁽⁷⁾

2020

- The Malaysian government issued the first-ever digital sukuk, Sukuk Prihatin, marking a significant milestone in the country's Islamic digital economy.
- The Shariah Advisory Council (SAC) of the Securities Commission Malaysia (SC) issued a landmark resolution recognizing digital assets as legitimate (mal) from a Shariah perspective.⁽⁷⁾

(1) Abu Bakar, N. M., Mohd Yasin, N., & Abu Bakar, N. H. (2020). The contemporary role of Tabung Haji Malaysia in fulfilling sustainability via Islamic social finance. *Journal of Islamic Finance*, 9(2), 59–69. IUM Institute of Islamic Banking and Finance.

(2) COMCEC Coordination Office. (2020, October). Improving Shariah governance framework in Islamic finance. Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC). <https://www.comcec.org> (replace with the direct link if available).

(3) Ahmad Mokhtar, H. S., Abdullah, N., & Al-Habshi, S. M. (2006). Efficiency of Islamic banking in Malaysia: A stochastic frontier approach. *Journal of Economic Cooperation*, 27(2), 37–70.

(4) Bank Negara Malaysia. (n.d.). Shariah Advisory Council (SAC). Retrieved July 7, 2025, from <https://www.bnm.gov.my/committees/sac-old>

(5) Bank Negara Malaysia. (2002). White box (cp02_001): Life Insurers: Strategies in a Low Interest Rate Environment [PDF]. Bank Negara Malaysia.

(6) Malaysia International Islamic Financial Centre. (n.d.). About MIFC. Malaysia International Islamic Financial Centre. Retrieved July 7, 2025, from <https://www.mifc.com/-/malaysia-international-islamic-financial-centre-mifc>

(7) Securities Commission Malaysia. (2021). Malaysian Islamic Capital Market: Bi-Annual Bulletin (Vol. 16, No. 1, January–June 2021). Securities Commission Malaysia.



3 Banking Sector in Malaysia



Islamic banking plays a vital role in Malaysia's financial sector, with 15 fully-fledged Islamic banks, accounting for 38% of the total number of banks in the country. Additionally, 14 Islamic windows operate under conventional banks, enabling them to offer Shariah-compliant products within a traditional banking framework. These Islamic windows constitute 56% of all conventional banks.

Source: Bank Negara Malaysia

4 Total Assets for Islamic Banks in Malaysia in billion USD in 2024

In 2024, the total assets of Islamic banks in Malaysia reached \$271 billion, reflecting the sector's strong market presence and continued growth. Maybank Islamic Bank led the industry with \$73 billion in assets, followed by CIMB Islamic Bank with \$39 billion. Other key players included Bank Rakyat and RHB Islamic Bank. Smaller institutions—including Bank Muamalat Malaysia, Agrobank – Bank Pertanian Malaysia, OCBC Al-Amin Bank, Alliance Islamic Bank, and Al Rajhi Bank – Malaysia—held assets ranging between \$4 billion and \$9 billion. This distribution highlights the solid position of Islamic banking in Malaysia, driven by leading institutions alongside a group of mid-sized and specialized banks that contribute to the strength and diversity of the financial sector.



* Total assets of the banks are for the year 2023.

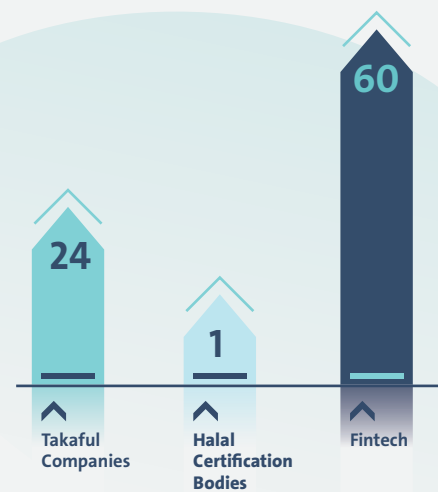
** Total assets based on the Consolidated Financial Statement



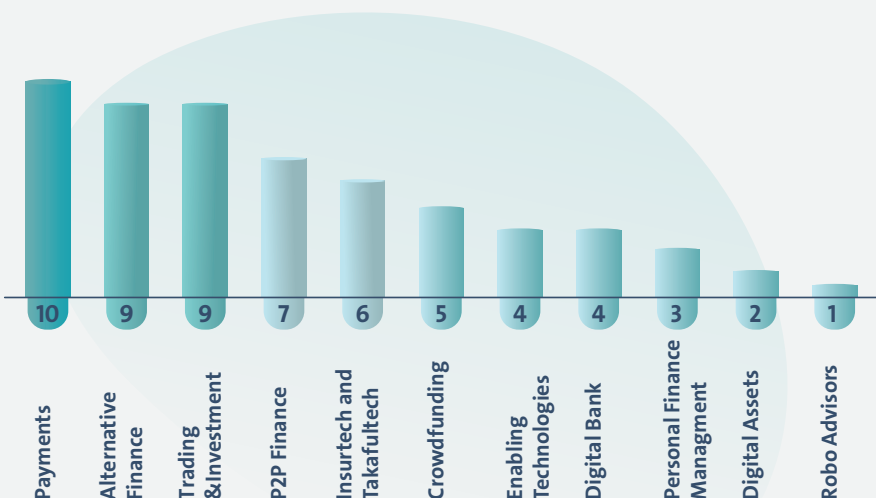
«Other Islamic Non-Banking Financial Services and Halal Services»

1 Malaysia - Islamic Non-Banking Financial Services and Halal

In Malaysia, beyond Islamic banking, the country is witnessing significant growth in areas like takaful, fintech, and halal certification. Malaysia is home to 24 takaful companies offering Sharia-compliant insurance products. Malaysia is active in the halal economy, with a single nationally recognized body responsible for issuing halal certifications to ensure that food, goods, and services comply with Shariah standards. Meanwhile, the Islamic fintech landscape is expanding, with 60 active fintech firms delivering solutions in payments, alternative finance, trading & investment.



2 Malaysia - Islamic Fintech Services



Malaysia's Islamic fintech sector consists of 60 institutions. Payments lead the way with 10 institutions, followed by alternative finance and trading & investment with 9 each, and P2P finance with 7. Other notable segments include insurtech and takafultech with 6 institutions and crowdfunding with 5. These figures underscore Malaysia's leadership and diversity in Islamic fintech services.



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