



للاقتصاد الإسلامي
ALBARAKA FORUM



المصرفية الإسلامية
ISLAMIC BANKING



قاعدة بيانات صالح كامل للاقتصاد الإسلامي
Saleh Kamel Islamic Economy Database

United Kingdom Country Focus

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Saleh Kamel Islamic Economy Database





1 ECONOMIC SECTOR OVERVIEW

The United Kingdom (UK) is one of the world's largest and most advanced economies. In 2024, the UK ranked **6th globally** with a Gross Domestic Product (GDP) of approximately **USD 3.64 trillion**. This reflects its continued importance as a major player in the global economy. The UK is classified as a **high-income economy** and is strongly **service-oriented**, with services accounting for more than **70% of GDP**. At the same time, the country maintains a significant industrial and manufacturing base, with industry contributing about **17% of GDP** and manufacturing around **8% of GDP** in recent years.⁽¹⁾ Moreover, The United Kingdom is a global leader in financial and professional services, with London at its core. In 2023, the sector achieved a trade surplus of **USD 125.3 billion** (£100.7 billion), confirming its strong global competitiveness. The UK accounts for **38%** of global foreign-exchange turnover, **14.6%** of cross-border bank lending, and hosts around **170** foreign banks. It has Europe's largest insurance sector, controlling **43%** of the global specialty market, and manages **USD 3.2 trillion** (£2.6 trillion) in pension fund assets. The London Stock Exchange ranks among the top **three** worldwide.²

2 ISLAMIC ECONOMY IN THE UK

The United Kingdom is the leading Western center for Islamic finance, with London hosting numerous Islamic banks, takaful providers, and sukuk listings. This presence strengthens the UK's role as a global financial hub and attracts investment from the Middle East and Asia. Islamic finance was first introduced to the UK in the 1980s with the launch of Murabaha transactions and the establishment of Al Baraka International, the country's first Islamic bank in 1982. The sector soon expanded into trade finance, leasing, and project finance, and by the early 2000s, the UK government actively supported its growth by aligning regulations and tax treatments with conventional finance, enabling sustainable market development.³

The evolution of Islamic finance in the UK has been marked by a series of key milestones that reflect both its expansion and increasing regulatory recognition. From the establishment of the first Islamic bank in the 1980s to the introduction of sharia-compliant mortgages, sukuk issuances, and fintech solutions, these milestones illustrate the dynamic growth of Islamic banking, insurance (takaful), investment, and financial services in the country. The following table summarizes the major events that have shaped the Islamic finance industry in the UK over the past four decades.


Population,
million

69.2


Capital

London


Currency

Sterling Pound


GDP growth
(annual %)

1.1%


GDP
USD (current)

3.64 Trillion


GDP per capita 2024
(current USD)

52,637


Inflation, consumer
prices (annual %)

3.3 %

1. World Bank. (2025). World Development Indicators database.

2. TheCityUK. (2024). Key facts about the UK as an international financial centre 2024.

3. Department for International Development. (2015). Is finance fit for the future? UK Government.



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2.1 Key Milestones in Islamic Economy in the UK



1982

- The Swiss-based Dar al-Mal al-Islami established a London office to provide investment management services.



1983

- Establishment of first Islamic bank, Albaraka Bank (ceased 1993).
- Establishment of first UK Islamic insurance (takaful) company, Takaful UK Ltd.



1996

- The United Bank of Kuwait—now known as Ahli United Bank- offered sharia-compliant home financing option in the UK (Acquired by Kuwait Finance House in 2022).

2003

- HSBC Amanah launched Islamic mortgages and sharia-compliant bank accounts in the UK (Ceased 2012).



2004

- Authorization of Islamic Bank of Britain, now known as Al Rayan Bank Plc.



2006

- The first sukuk listed on the London Stock Exchange was issued by Tabreed for 200 million.



2007

- The Financial Services Authority (FSA) outlined its regulatory approach to Islamic finance in the UK in the publication Islamic Finance in the UK: Regulation and Challenges.



2008

- Authorization of European Finance House, now known as QIB (UK) Ltd.
- Gatehouse Bank Plc was officially authorized in the UK.



2014

- The UK Government issued its first sovereign sukuk in the market.

2015

- The Bank of England launched the Sharia-Compliant Facilities (SCF) project.
- The Islamic Insurance Association of London was established.



2017

- The crowdfunding firm Yielders, founded in 2015, became the first sharia-compliant fintech to receive official authorization from the UK's Financial Conduct Authority (FCA) in April 2017.



2021

- The Bank of England launched its Alternative Liquidity Facility (ALF). Which allowed UK-based Islamic banks to place deposits at the Bank of England in a shariah-compliant manner.



Source : Bank of England. (2020, December 2). Why Islamic finance has an important role to play in supporting the recovery from COVID – and how the Bank of England's new Alternative Liquidity Facility can help [Speech].

UK Islamic Finance Week.

3 ISLAMIC BANKING IN THE UK

The United Kingdom is the leading hub for Islamic finance outside the Muslim world, supported by a strong regulatory framework and market diversity. As of 2025, it is home to **five** fully-fledged Islamic banks: Al Rayan Bank, Bank of London and The Middle East (BLME), Qatar Islamic Bank (UK), Gatehouse Bank, and Kuwait Finance House (UK), following the conversion of Ahli United Bank in 2024.

- In addition, several conventional banks—such as Habib Bank AG Zurich, First Abu Dhabi Islamic Finance, United Bank Limited, and Arab Banking Corporation—offer sharia-compliant services through Islamic windows, expanding the reach of Islamic products within the UK market.
- The sector is also advancing through Islamic fintech and digital banks, including Nomo (by BLME), Kestrl, Alibra, MyAhmed, Niyah, and Rizq. These platforms are enhancing accessibility to ethical, interest-free financial solutions and attracting a younger, digitally driven customer base.
- Together, these institutions reinforce the UK's position as a global pioneer in Islamic finance, combining traditional banking, Islamic windows, and fintech innovation under a supportive regulatory environment.

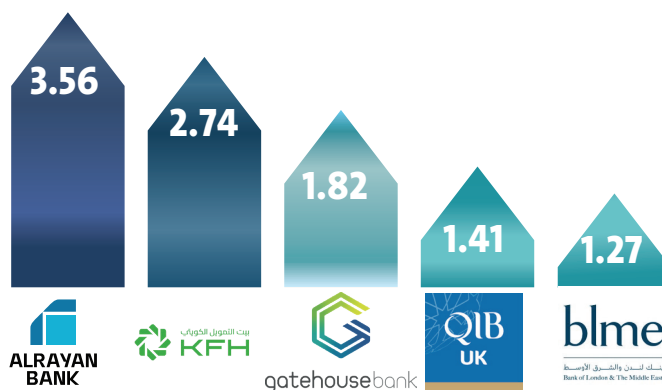
Islamic Banking in the UK- Number of Institutions



3.1 ASSETS VS. CAPITAL ANALYSIS

The assets of Islamic banks in the United Kingdom underscore the growing role of sharia-compliant finance within the country's financial sector. **By the end of 2024**, the five fully-fledged Islamic banks collectively managed approximately **USD 10.8 billion in assets**. Al Rayan Bank (UK) held the largest share at **USD 3.56 billion**, followed by Kuwait Finance House (UK) with **USD 2.74 billion**. Gatehouse Bank managed **USD 1.82 billion**, while Qatar Islamic Bank (UK) and the Bank of London and the Middle East (BLME) accounted for **USD 1.41 billion** and **USD 1.27 billion**, respectively. While modest compared to the broader UK banking sector, these figures reflect the resilience and steady expansion of Islamic banking in the UK.

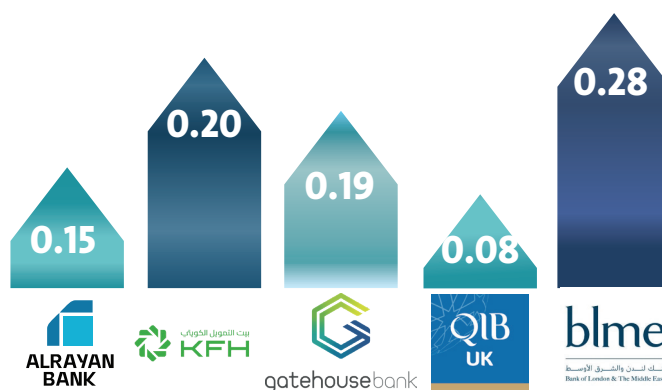
Total Assets of Islamic Banks in the UK in 2024 (USD billion)



Source: Moody's BankFocus, 2025

The capital strength of Islamic banks in the United Kingdom reflects not only their resilience but also their determination to carve out a lasting presence in one of the world's most competitive financial markets. By the end of 2025, the five fully-fledged Islamic banks collectively held an estimated **USD 0.90 billion in capital**—a foundation that supports both stability and growth. The Bank of London and the Middle East (BLME) led the sector with **USD 0.28 billion**, followed by Kuwait Finance House (UK) with **USD 0.20 billion** and Gatehouse Bank with **USD 0.19 billion**. Al Rayan Bank (UK), the country's largest Islamic bank by assets, reported **USD 0.15 billion**, while Qatar Islamic Bank (UK) stood at **USD 0.08 billion**. Though modest in comparison with the giants of the conventional banking sector, this capital base tells that Islamic banks in the UK are building on firm ground, meeting regulatory standards, and laying the financial foundations for a future where sharia-compliant finance plays an ever more vital role.

Capital of Islamic Banks in the UK in 2024 (USD billion)



Source: Moody's BankFocus, 2025

* including paid-up capital, share premium, and capital surplus.

4 SUKUK MARKET IN THE UK

In 2014, the UK made a groundbreaking move by becoming the first non-Muslim country to issue a sovereign Sukuk—**£200 million** structured under the Al-Ijara model, backed by rental income from government properties. The response was overwhelming, with investor demand exceeding **£2.3 billion**, affirming the UK's emerging role in Shariah-compliant finance.¹ Seven years later, in March 2021, the UK reaffirmed its commitment with a second sovereign Sukuk—this time for **£500 million**, over double the size. The issuance received global acclaim, as orders surpassed **£625 million** from institutional investors across the Middle East, Asia, and the UK. It was listed on the London Stock Exchange and bore a yield equivalent to the prevailing government gilt—demonstrating both investor confidence and financial strength.²

These sovereign Sukuk issuances are more than financial instruments—they are declarations of intent. They signal the UK's unwavering dedication to expanding sharia-compliant investment avenues and bridging ties with global Islamic markets. London, in turn, has emerged not just as a venue for Sukuk issuance but as a magnet for international listings, drawing sovereigns and corporates seeking both credibility and access to a sophisticated investor base.



5 TAKAFUL SECTOR IN THE UK

In the United Kingdom, the Takaful sector is still relatively small but represented by a handful of institutions. These include Cobalt Underwriting Services, Safehaven Takaful, NDI Insurance & Reinsurance Brokers Ltd, and Takaful Limited. While the number of dedicated providers remains limited compared to the broader Islamic finance industry, these institutions play a vital role in offering sharia-compliant insurance solutions to meet the needs of Muslim communities. Their presence demonstrates the UK's ongoing efforts to diversify Islamic financial services, though the sector continues to face challenges such as market awareness, regulatory alignment, and competition from conventional insurers. Ultimately, these pioneers signal that Takaful in the UK is not just a niche service, but a growing expression of ethical choice and community trust.

Takaful Sector in the UK



1.HM Treasury. (2014). UK Sovereign Sukuk plc: Offering circular. London: HM Treasury.

2.HM Treasury. (2021). UK Sovereign Sukuk plc: Offering circular. London: HM Treasury.

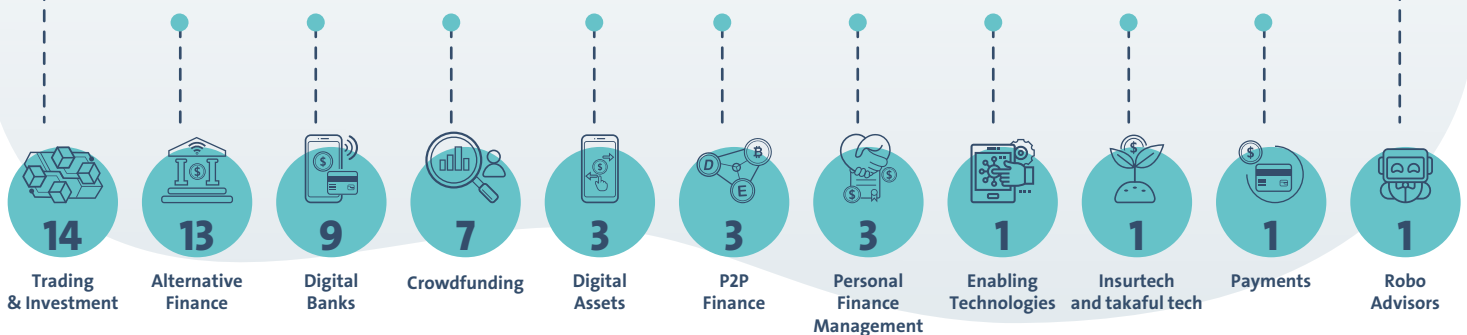
6 ISLAMIC FINTECH IN THE UK

Islamic fintech has emerged as one of the most dynamic and fast-growing segments of the United Kingdom's financial landscape, further cementing the country's position as a global hub for Islamic finance. By 2025, **56** Islamic fintech firms were operating across diverse verticals, delivering innovative sharia-compliant solutions that blend ethical principles with cutting-edge technology. The largest share of activity is concentrated in Trading and Investment, with **14** firms such as Eiger Trading Advisors, and in Alternative Finance, with **13** firms including Offa. Crowdfunding has also gained notable presence, with **7** firms operating in this segment, among which Wahed stands out as one of the most prominent.

These areas reflect a strong appetite for both ethical investment opportunities and new financing models that serve individuals and businesses beyond the reach of conventional banking. Beyond these core segments, the UK's Islamic fintech landscape is also branching into new frontiers. Emerging niches such as enabling technologies, insurtech & takafultech, payments, and robo-advisors—each represented by pioneering firms—signal exciting potential for growth, diversification, and deeper integration into the global Islamic finance ecosystem. Taken together, these developments showcase not only the vibrancy of the UK's Islamic fintech sector but also its role as a driver of inclusion, innovation, and trust, ensuring that ethical finance continues to resonate with the needs of a new generation of investors and consumers.



Islamic Fintech Services in the UK



7 HALAL SECTOR IN THE UK

The United Kingdom ranks **6th** globally in the halal food sector, according to the Global Islamic Economy Indicator (**GIEI**). The indicator evaluates the performance of various Islamic economy sectors, including halal food, Islamic finance, Muslim-friendly travel, modest fashion, media and recreation, and halal pharmaceuticals and cosmetics.

Muslim consumer spending on food and beverages globally reached **USD 1.43 trillion** in 2023, and is projected to grow to **USD 1.94 trillion** by 2028.¹ The United Kingdom is also home to **five** recognized halal certification bodies that oversee compliance with Islamic requirements and ensure the credibility of halal products. These are the Halal Food Authority (HFA), Halal Certification Europe (HCE), the Halal Certification Organisation (HCO), RACS Quality Certificates Issuing Services, and the Halal Monitoring Committee (HMC). Collectively, they play a central role in safeguarding consumer trust, supporting businesses, and strengthening the reputation of UK halal products in both domestic and international markets.



In modest fashion, the UK ranks **6th** globally with a score of **52.8**, following Indonesia, Malaysia, Italy, Türkiye, and Singapore, while the UAE, Germany, China, and Australia complete the top **ten**. In media and recreation, it performs even stronger, securing **2nd** place worldwide with a score of **75.6**, just behind Malaysia. The country also ranks **10th** among top exporters of halal pharmaceuticals and cosmetics to OIC countries, with exports valued at **USD 1.41 billion** in 2023.¹

The UK's Global Ranking in the Halal Economy



1.DinarStandard. (2024). State of the Global Islamic Economy Report 2024/25: From Crisis to Catalyst—Evolving Islamic Economy Opportunities. Salaam Gateway.

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



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