# UK Business Leaders Calling for Access to Alternative Finance Models Amid the Funding Squeeze

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New research from the AlBaraka Forum for Islamic Economy reveals a significant shift in how UK business leaders view the future of finance, as tightening lending conditions and a widening funding gap push companies to explore ethical, values-based and alternative financing models.

The research was commissioned in response to growing concerns expressed by UK SMEs, start-ups and faith-led enterprises, who report that traditional funding channels no longer support their growth needs. With rising interest rates and reduced credit availability, businesses are increasingly looking for more stable, equitable and values-aligned finance options.

According to the findings, 66% of UK business leaders are now considering alternative finance structures such as revenue-sharing, impact investment and Shariah-compliant models within the next two to three years. At the same time, 34% believe that ethical finance is still failing to reach the businesses that need it most, particularly smaller enterprises and underrepresented sectors.

The results also point to a major strategic shift across the UK economy. A total of 57% of respondents believe the UK should position itself as a global leader in ethical and Islamic finance in order to attract values-driven capital and strengthen long-term competitiveness.

The research further identifies several barriers hindering the adoption of ethical and alternative finance models. These include limited public awareness and financial education, unclear or inconsistent government policy, and the need for stronger evidence of return on investment.

The study was initiated to better understand how UK businesses are responding to an increasingly challenging financial environment. Across non-Muslim-majority markets, business leaders have shown growing interest in finance models that prioritise ethics, transparency and shared prosperity. With SMEs under significant financial pressure, alternative finance may provide a more resilient and inclusive pathway for future growth.

**His Excellency Yousef Hassan Khalawi, Secretary General of the AlBaraka Forum for Islamic Economy**, said: “UK businesses are sending a clear signal: they want finance that is ethical, inclusive and effective. This is not simply a trend — it reflects a deeper structural shift in how companies perceive value, risk and long-term stability. The UK has both the infrastructure and the global credibility to lead in this space, but clearer government policy and greater investment in financial education will be essential to unlocking its full potential.”

The research was conducted in December 2025 following the 4th AlBaraka Summit in London, where economists, investors and academics from around the world gathered to explore the future of ethical and Islamic finance. This year’s Summit theme, “New Horizons: Economy in Global Markets, Beyond Majority-Muslim Societies,” highlights the increasing relevance of Islamic finance across diverse global markets.