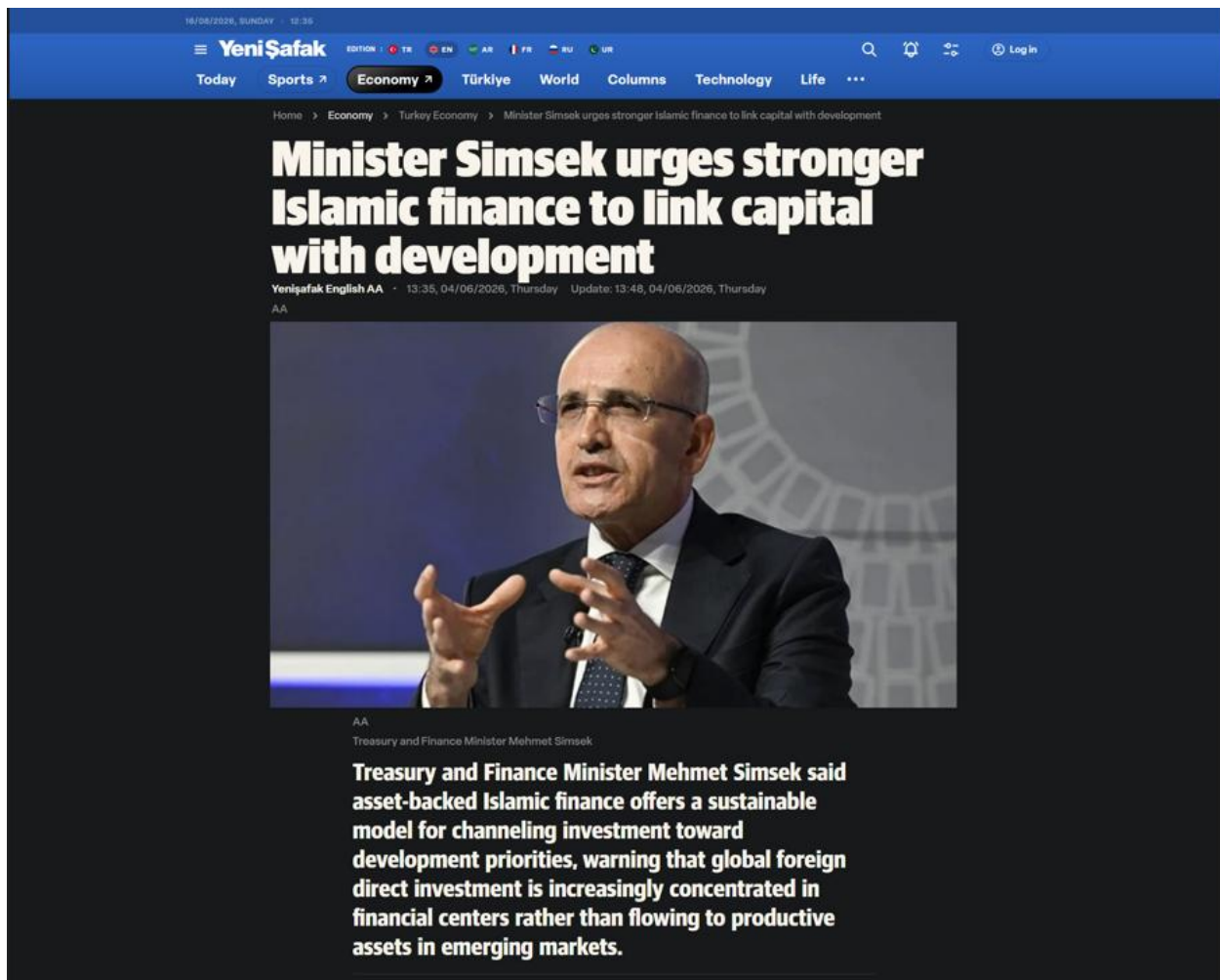




Treasury and Finance Minister Mehmet Simsek on Wednesday called for Islamic finance to play a stronger role in channeling capital toward development priorities, warning that global foreign direct investment is becoming increasingly detached from the real economy. Speaking at the Global Islamic Economy Summit in Istanbul, Simsek said FDI figures may appear robust but much of the increase reflects flows between financial centers rather than productive investment. “Finance appears to be increasingly detached from the real economy,” he said, adding that Islamic finance offers a more suitable model because it is asset-backed and based on risk-and-reward sharing. Simsek noted that the share of emerging and developing economies in global FDI has fallen from 67% to about 54% over the past three years amid geoeconomic fragmentation, reshoring pressures and supply chain reconfiguration.

Islamic finance ambitions

Simsek stated that Islamic finance assets have risen nearly 49-fold in nominal dollar terms since 2000, yet their share of global financial assets remains relatively modest. He said Türkiye currently ranks ninth among countries by Islamic financial assets and aims to enter the top five,

stressing that the sector needs more diversified products, stronger liquidity and greater innovation to compete with conventional finance. The Istanbul Financial Center should play a larger role in global Islamic finance, he added. Turning to Türkiye's economic program, Simsek said the government remains focused on price stability, fiscal discipline and a sustainable external balance, noting that disinflation is underway although at a slower pace than initially expected due to domestic and external shocks. He said Türkiye still holds adequate reserves while external debt as a share of GDP is trending down toward the low-30% range.

Fiscal metrics and incentives

Simsek said Türkiye now expects inflation to end the year in the mid-to-high-20s — assuming oil prices remain around \$90 per barrel — while the budget deficit stood at 2.9% of GDP last year compared with about 6% for the emerging-market average. Government debt was 24% of GDP against an emerging-market average of 74%, he noted, adding that the current account deficit is expected to rise due to higher energy prices but remain manageable at about 3% of GDP. The minister outlined new investment incentives including a reduction in the corporate tax rate for manufacturers to 12.5%, which he described as one of the most competitive rates for any global emerging market, alongside a 100% tax exemption on service exports covering software, video games, medical tourism and consultancy. He also noted zero corporate income tax on transit trade for companies operating in the Istanbul Financial Center, with a 95% exemption applying outside the center, adding that Türkiye remains attractive due to its large and growing economy — the world's 16th-largest by nominal GDP and 11th by purchasing power parity at over \$4 trillion. Simsek said Türkiye will continue investing in regional connectivity through the Development Road project with Iraq, the Middle Corridor and potential new routes linking with Saudi Arabia and the Gulf region.

Titles : [mehmet simseksimsekislamic financeglobal islamic economy summitistanbul financial centertürkiye economydevelopment roadmiddle corridortreasury and finance ministry](#)

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