



للاقتصاد الإسلامي
ALBARAKA FORUM



مَاعِدَة بَيَانَات مَاحِل كَامِل لِلإِقْتِصَاد الإِسْلَامِي
Saleh Kamel Islamic Economy Database

United Kingdom Country Focus

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1 ECONOMIC SECTOR OVERVIEW

London is one of the world's leading financial centres, ranking second globally in the Global Financial Centres Index (GFCI) in 2025.¹ The United Kingdom (UK) is one of the world's leading international financial centres, with London at the heart of its global position. In 2024, financial and related professional services generated an estimated £119.1 billion trade surplus. The UK holds significant global shares in key financial markets, including 38% of global foreign-exchange turnover and 14.6% of cross-border bank lending, while London hosts more than 160 foreign banks and branches. The UK also has Europe's largest insurance sector and is a major centre for pension funds, with US\$3.2 trillion in assets under management in 2024. In addition to traditional financial services, the UK has developed strong positions in Islamic finance, FinTech, green finance, and other specialized financial services, reinforcing its role as a major global financial hub².

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.⁴

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

69.487


 Capital

London


 Currency

Sterling Pound


 GDP growth
 (annual %)

1.4%


 GDP
 USD (current)

≈4 Trillion


 GDP per capita 2025
 (current USD)¹

57,602


 Inflation, consumer
 prices (annual %)

3.9 %³

¹ Wardle, M., & Mainelli, M. (2025). The Global Financial Centres Index 37. Long Finance & Financial Centre Futures,

² World Bank. (2026). World Development Indicators. World Bank.

³ TheCityUK. (2025). Key facts about the UK as an international financial centre 2025.

⁴ 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.



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, six conventional banks operate Islamic windows in the UK, including Habib Bank A.G. Zurich, First Abu Dhabi Islamic Finance Bank, United Bank Limited, Arab Banking Corporation Bank of Scotland, and Arab Bank Europe plc, contributing to the availability and development of Sharia-compliant financial services in the UK market.*

*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 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.



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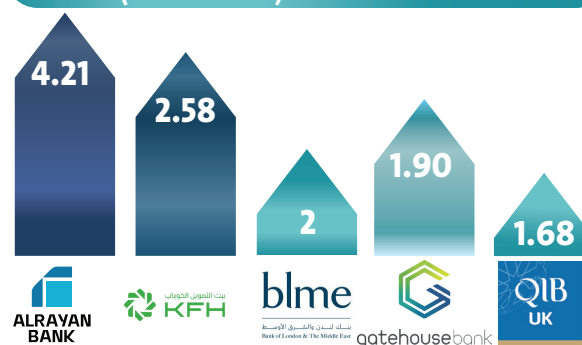
Islamic Banking in the UK- Number of Institutions



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 2025, the five fully-fledged Islamic banks collectively managed approximately USD 12.36 billion in assets. Al Rayan Bank (UK) held the largest share at USD 4.21 billion, followed by Kuwait Finance House (UK) with USD 2.58 billion. Bank of London and the Middle East (BLME) managed USD 2.00 billion, while Gatehouse Bank and Qatar Islamic Bank (UK) accounted for USD 1.90 billion and USD 1.68 billion, respectively. While modest compared to the broader UK banking sector, these figures reflect the continued presence and development of fully-fledged Islamic banking in the UK.

Total Assets of Islamic Banks in the UK in 2025 (USD billion)*



The capital strength of Islamic banks in the United Kingdom reflects both their resilience and their growing commitment to establishing 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 approximately USD 1.28 billion in capital, providing an important foundation for financial stability, regulatory compliance, and future growth. Kuwait Finance House (UK) reported the largest capital base at approximately USD 0.33 billion, followed by AlRayan Bank (UK) with USD 0.31 billion and the Bank of London and the Middle East (BLME) with USD 0.30 billion. Qatar Islamic Bank (UK) recorded approximately USD 0.19 billion, while Gatehouse Bank held around USD 0.15 billion. Although these figures remain modest compared with the capital bases of major conventional banks, they demonstrate that Islamic banks in the UK are building on solid financial foundations, meeting regulatory expectations, and supporting the continued development of Sharia-compliant finance.

Capital of Islamic Banks in the UK in 2025 (USD billion)*



*Audited financial statements and annual reports 2025 for the respective banks.

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.⁵ 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.⁶

The UK Sukuk market remained an important component of the country's Islamic finance sector in 2025. Although the UK government did not issue a new sovereign Sukuk during 2025, its £500 million Al-Ijara sovereign Sukuk issued in March 2021 remained outstanding until its scheduled maturity in July 2026. At the London Stock Exchange, the UK continued to serve as a major international Sukuk listing centre, with 68 Sukuk issues listed and more than US\$50 billion raised through these issuances. This reinforces London's position as a leading Western hub for Islamic capital markets.⁷



5 TAKAFUL SECTOR IN THE UK

The UK Takaful sector remains a relatively niche segment of the insurance market, comprising specialised Shariah-compliant insurance providers and intermediaries. The identified market participants include Cobalt Underwriting Services and Takaful Limited, which operate as Takaful providers, while NDI Insurance & Reinsurance Brokers Ltd operates through a Takaful window. The presence of both dedicated Takaful providers and a window-based model reflects the different organisational structures through which Shariah-compliant insurance solutions are offered in the UK market.

Takaful Sector in the UK



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

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

7.London Stock Exchange. (n.d.). Sukuk. London Stock Exchange. Sukuk – London Stock Exchange.



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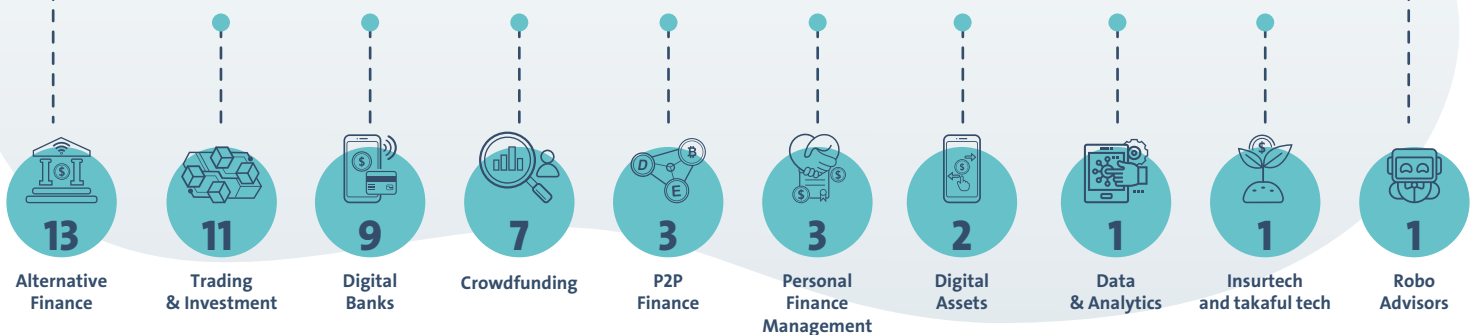
6 ISLAMIC FINTECH IN THE UK

Islamic fintech has emerged as a dynamic and evolving segment of the United Kingdom's financial landscape, further reinforcing the country's position as a global hub for Islamic finance. Currently, 51 Islamic fintech firms operate across 10 distinct categories, offering innovative Sharia-compliant financial solutions that integrate ethical principles with financial technology. The largest segment is Alternative Finance, comprising 13 firms, followed by Trading & Investment, with 11 firms, and Digital Banks, with 9 firms. Crowdfunding accounts for 7 firms, while P2P Finance and Personal Finance Management each include 3 firms. Blockchain & Cryptocurrencies comprises 2 firms, while Data & Analytics, Insurtech and Takafultech, and Robo Advisors each account for 1 firm. This distribution highlights the diversity of the UK's Islamic fintech ecosystem, spanning investment, alternative financing, digital banking, and technology-driven financial services.

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

According to the State of the Global Islamic Economy Report 2025/26, the United Kingdom is emerging as an important market within the global Islamic economy, particularly in halal food, premium halal meat, and modest fashion. UK-based halal businesses are expanding through digital platforms, franchising models, and international partnerships. Premium halal meat companies such as Ayah Halal are using direct-to-consumer delivery models to provide HMC-approved beef, lamb, chicken, and prepared meals across the UK. In addition, UK-based halal chains are scaling internationally through franchising, with brands such as Chainvala and M.A.K. Halal expanding their retail presence. The UK also represents a growing hub for modest fashion, with international brands establishing a presence through physical retail and partnerships, including Saudi brand Leem's permanent boutique at Westfield London. Furthermore, the UK Creative Industries Sector Vision identifies fashion SMEs as a priority area for skills development, business readiness, and market access, demonstrating the role of capability support in strengthening the creative sector.



The 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.⁸

⁸.DinarStandard. (2025). State of the Global Islamic Economy Report 2026/26: 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.

Note on capital calculation: The capital figures presented in this report are calculated using the banks' reported regulatory capital or own funds. These figures generally include share capital, share premium, retained earnings, eligible reserves, and qualifying subordinated financing, after deducting applicable regulatory adjustments such as intangible assets. For QIB (UK), the figure is calculated using total equity, qualifying subordinated Wakala, and applicable regulatory deductions because a final total regulatory-capital figure is not separately disclosed in its 2025 annual accounts.



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