

HALAL INDUSTRY IN OIC MEMBER COUNTRIES

CHALLENGES AND PROSPECTS



ORGANISATION OF ISLAMIC COOPERATION
STATISTICAL, ECONOMIC AND SOCIAL RESEARCH
AND TRAINING CENTRE FOR ISLAMIC COUNTRIES





Organisation of Islamic Cooperation
**Statistical, Economic and Social Research
And Training Centre for Islamic Countries**



HALAL INDUSTRY IN OIC MEMBER COUNTRIES: CHALLENGES AND PROSPECTS



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ACRONYMS

AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
BPJPH	Halal Products Certification Agency
BNM	Bank Negara Malaysia
CAGR	Compound Annual Growth Rate
COMCEC	Standing Committee for Economic and Commercial Cooperation
COMSTECH	Standing Committee on Scientific and Technological Cooperation
OIC	Organization of the Islamic Cooperation
COVID-19	Coronavirus Disease of 2019
ESG	Environmental, Social, and Governance
ESMA	Emirates Authority for Standardization and Metrology
EIAC	Emirates International Accreditation Centre
FDI	Foreign Direct Investment
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GMTI	Global Muslim Travel Index
GSTC	Global Sustainable Tourism Council
HAK	Halal Accreditation Agency
HDC	Halal Development Corporation
ICDT	Islamic Centre for Development of Trade
IFDI	Islamic Finance Development Indicator
ICF PD	Islamic Collateralised Funding Policy Document
IFMC	Islamic Financial Market Subcommittee
IPP	Intellectual Property Protection
IFSB	Islamic Financial Services Board
IOFS	Islamic Organization for Food Security
IsDB	Islamic Development Bank
JAKIM	Department of Islamic Development Malaysia
MENA	Middle East and North Africa
MR	Malaysian Ringgit
MUIS	Majlis Ugama Islam Singapura
OIC	Organisation of Islamic Cooperation
OIFIs	Other Islamic Financial Institutions
R&D	Research and Development
SESRIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SFDA	Saudi Food and Drug Administration
SMEs	Small and Medium Enterprises
SMIIC	Standards and Metrology Institute for the Islamic Countries
US\$	United States Dollars

FOREWORD

Rooted in the ethical and legal principles of Islam, the concept of Halal has steadily evolved beyond its traditional association with food to encompass a wide spectrum of sectors, including Islamic finance, pharmaceuticals, cosmetics, tourism, media, and lifestyle industries. This evolution has transformed Halal into a comprehensive economic ecosystem that promotes ethical production, inclusive growth, and social well-being. Over the years, the Halal economy has experienced remarkable expansion. Valued at an estimated US\$7.36 trillion in 2023, the global Halal market is projected to reach nearly US\$10.89 trillion by 2028, driven by demographic growth, rising incomes, technological advancements, and increasing demand for ethical and sustainable products. With more than 80 per cent of global Halal consumption concentrated in OIC countries, the sector holds significant strategic importance for economic diversification, trade integration, and employment generation across OIC member states.

It is with great pleasure that I present the report on Halal Industry in OIC Member Countries: Challenges and Prospects, which offers a comprehensive, evidence-based assessment of Halal industry developments across OIC countries. The report analyses key market trends and forecasts, as well as trade and investment patterns and sectoral dynamics across the core segments of the Halal economy, including Islamic finance, Halal food, Halal tourism, and the Islamic lifestyle. In particular, Islamic finance, which constitutes the backbone of the Halal economy, reached approximately US\$6 trillion in global assets in 2024, with OIC countries accounting for around 95 per cent of this total.

The report further examines both demand- and supply-side drivers, identifies structural challenges, and reviews initiatives undertaken by OIC countries and relevant institutions to promote intra-OIC cooperation in developing the Halal industry. It places special emphasis on cross-cutting issues that present both challenges and opportunities across Halal sectors, including standardisation and certification, digital transformation, the adoption of fintech and artificial intelligence, sustainability, human capital development, and integrity frameworks. Effectively addressing these issues is essential to strengthening the resilience, credibility, and long-term competitiveness of the Halal industry.

Against this backdrop, OIC member countries are called upon to shape a new phase of cooperation that prioritises harmonisation, innovation, and inclusivity in this domain. Strengthening mutual recognition of standards, developing resilient and transparent Halal supply chains, expanding Halal-aligned digital and financial solutions, and empowering small and medium-sized enterprises will be vital to unlocking the sector's full potential. Equally important is embedding sustainability and circularity into Halal production and consumption to ensure that growth remains both economically viable and socially responsible.

I would like to express my sincere appreciation to the SESRIC team for their dedication in preparing this comprehensive report. I hope that its findings will serve as a valuable resource for policymakers, industry leaders, and development partners, contributing to a shared vision of a resilient, ethical, and globally competitive Halal industry that supports sustainable and inclusive prosperity across the OIC.

Zehra Zümür SELÇUK
Director General
SESRIC

EXECUTIVE SUMMARY

The global Halal industry has increasingly become a strategic pillar of sustainable development and inclusive growth. Beyond its religious foundations, it now constitutes a comprehensive economic ecosystem encompassing finance, food, tourism, and lifestyle sectors. Valued at an estimated US\$7.36 trillion in 2023 and projected to reach nearly US\$10.89 trillion by 2028, the industry is driven by rising consumer demand, policy coordination, and technological innovation. Yet, despite this rapid growth, the sector faces systemic challenges that constrain its full potential, including fragmented regulatory frameworks, inconsistent accreditation and certification systems, limited access to Halal financing and technology, uneven institutional capacities, data gaps, and intra-OIC trade deficits. Addressing these challenges is essential for strengthening governance, enhancing competitiveness, and ensuring that Halal value chains contribute effectively to inclusive and sustainable economic development.

Within this context, the OIC 2025 Programme of Action has provided a strategic framework for cooperation, coordination, and policy convergence among OIC Countries to advance the Halal industry as a driver of shared prosperity. Building on this framework, key OIC institutions—including COMCEC, SMIIC, SESRIC, ICDT, and the IsDB—have undertaken initiatives to enhance institutional linkages, develop technical and human capacities, and promote harmonization across Halal-related sectors. These coordinated efforts focus on standardization, capacity-building, innovation, digital transformation, sustainability, and the expansion of intra-OIC trade and investment, providing the foundation for a more coherent, competitive, and globally integrated Halal industry across OIC Countries.

The report is organized into five sections, starting with an overview of the Halal industry in OIC Countries across finance, food, tourism, and Islamic lifestyle, including market trends and recent developments. It examines key challenges such as fragmented regulations, high certification costs, limited innovation, weak data systems, capacity gaps, and sector-specific issues like counterfeiting, greenwashing, and ingredient sourcing. The report also reviews initiatives by OIC Countries and institutions—including SMIIC, SESRIC, IsDB, ICDT, and COMCEC—covering standardization, digitalization, innovation, intra-OIC trade, research, and capacity-building and concludes with policy recommendations to strengthen governance, harmonize frameworks, and promote sustainable and inclusive growth in the Halal economy.

Chapter 1: State of the Halal Industry

Demand-Side Factors

The expansion of the Halal industry is primarily driven by robust demand across OIC countries. Rapid population growth, rising incomes, and a youthful demographic base continue to widen consumer markets for Halal products and services. The global Muslim population reached 2.1 billion in 2024 and is projected to approach 3 billion by 2060, underscoring sustained demand. Increasing purchasing power and stronger faith-based consumption, particularly among youth, further reinforce this trend. Digitalization and e-commerce are accelerating access to Halal goods, with online sales surging in Indonesia, Malaysia, and GCC countries. Moreover, growing interest in ethical and sustainable consumption positions Halal products as both religiously compliant and socially responsible. These trends imply rising pressure on OIC countries to strengthen market intelligence, enhance consumer engagement, and ensure Halal certification systems evolve in step with global shifts in digital trade and sustainability.

Supply-Side Factors

On the supply side, the Halal industry's performance hinges on strong regulatory frameworks, institutional coordination, and investment in production capacity. OIC Countries have advanced Halal certification and governance through institutions such as Department of Islamic Development Malaysia (JAKIM) (Malaysia), Saudi Food and Drug Administration (SFDA) (Saudi Arabia), and Emirates Authority for Standardization and Metrology (ESMA) (United Arab Emirates), supported by regional harmonization under SMIIC. National Halal strategies in Malaysia, Indonesia, and Saudi Arabia incorporate Halal development into broader diversification and export agendas. Islamic finance serves as a key enabler, channelling Shariah-compliant capital via sukuk and Islamic banking to expand Halal production and infrastructure. Intra-OIC trade cooperation is improving but remains below potential, reflecting ongoing challenges in connectivity and mutual recognition of standards. These dynamics imply that future competitiveness will depend on greater certification coherence, efficient logistics, and stronger private sector engagement to sustain supply-side momentum in global Halal markets.

Halal Industry Trends

The Halal industry has evolved into a multi-trillion-dollar global ecosystem encompassing finance, food, tourism, and lifestyle sectors. In 2024, global Muslim consumer expenditure across Halal-related sectors exceeded US\$2.4 trillion, with projections indicating continued expansion driven by demographic growth, rising middle-class incomes, and ethical consumption trends. OIC countries account for the majority of global Halal consumption, yet their participation in higher value-added production, exports, and global branding remains uneven. Structural gaps in industrial

capacity, certification harmonization, and intra-OIC trade integration continue to constrain the industry's full economic potential.

Islamic finance remains the largest and most systemically important pillar of the Halal economy. In 2024, total global Islamic finance assets reached approximately US\$6 trillion, recording 21% year-on-year growth, and are projected to reach US\$9.7 trillion by 2029, implying an average annual growth rate of nearly 10%. OIC Countries account for around 95% of global Islamic finance assets, underscoring their dominant position. Regionally, the MENA region holds nearly 78% of total assets, followed by Southeast Asia (16%), while Sub-Saharan Africa, South Asia, Europe, and the Americas together account for less than 6%, reflecting persistent geographic concentration.

Islamic Banking

Islamic banking dominates the Islamic finance industry, accounting for 72.1% of total assets, equivalent to US\$4.3 trillion in 2024. Assets are projected to rise to US\$6.9 trillion by 2029. Islamic banking represents at least 25% of total domestic banking assets in 11 OIC countries, including Iran, Saudi Arabia, Malaysia, and Kuwait, demonstrating deep systemic integration. Growth trends, however, remain uneven: between 2019 and 2024, Somalia (28.8% compound annual growth rate), Morocco (27.6%), Kyrgyzstan (26.3%), and Nigeria (21.8%) recorded the fastest expansion, while mature markets such as Brunei (3.9%) and Bahrain (5.2%) grew more slowly due to saturation.

Sukuk (Islamic Bonds)

The global sukuk market reached US\$1.03 trillion outstanding in 2024, reflecting 19.5% annual growth. Outstanding volumes are projected to reach US\$1.8 trillion by 2029. Sukuk issuance remains highly concentrated: Malaysia alone accounts for approximately one-third of global sukuk outstanding (US\$340 billion), followed by Saudi Arabia (US\$313 billion) and Indonesia (US\$111 billion). In 2024, total sukuk issuance amounted to US\$205.1 billion, of which 58% was sovereign, 15.3% quasi-sovereign, 15.0% financial institutions, and only 11.7% corporate, highlighting limited private-sector participation.

Islamic Investment Funds

Islamic investment funds reached US\$308 billion in assets under management in 2024, growing by 21.3% year-on-year, and accounted for 5.1% of total Islamic finance assets. Despite this growth, assets remain highly concentrated: five OIC countries, Iran, the United Arab Emirates, Malaysia, Saudi Arabia, and Türkiye, control 76% of global Islamic assets under management. More than 79% of Islamic funds manage less than US\$50 million, limiting economies of scale, operational efficiency, and global competitiveness.

Takaful (Islamic Insurance)

Takaful remains underdeveloped relative to its potential, accounting for only around 2% of global Islamic finance assets. In 2024, total takaful assets reached US\$136 billion, growing by 26%, with projections indicating US\$237 billion by 2029. Market concentration is pronounced: Iran alone holds 54% of global takaful assets (US\$73 billion), followed by Malaysia (US\$28 billion) and Saudi Arabia (US\$22 billion). In many OIC countries, Islamic insurance penetration remains below 1% of total insurance assets, highlighting substantial scope for financial inclusion through micro-takaful and digital solutions.

Islamic Fintech and Artificial Intelligence in Islamic Finance

Islamic fintech is rapidly reshaping the financial landscape, with the global Islamic fintech market valued at US\$138 billion in 2023. Digital payments account for 34% of fintech activity globally, followed by digital lending (21%) and insurtech (18%). Among OIC countries, transaction volumes remain concentrated: the United Arab Emirates (US\$13.0 billion), Türkiye (US\$8.5 billion), and Tunisia (US\$7.6 billion) lead in 2024, with strong projected growth by 2028. However, disparities persist across smaller and low-income OIC markets due to infrastructure and regulatory constraints.

Global AI adoption among organizations increased from 55% in 2023 to 78% in 2024. In Islamic finance, 67% of Islamic banks deploy AI for identity verification, 56% for chatbots and virtual assistance, and 44% for client profiling. However, adoption remains limited in Shariah advisory, compliance, and stress testing (around 11–22%), indicating untapped potential for improving governance, risk management, and regulatory oversight.

Halal Food Market

Halal food remains the largest Halal consumption segment. Global Muslim expenditure reached US\$1.43 trillion in 2023 and is projected to reach US\$1.94 trillion by 2028 (6.2% compound annual growth rate). OIC countries accounted for US\$1.16 trillion in Halal food consumption in 2023, yet recorded a trade deficit of approximately US\$97.3 billion, exporting US\$196.3 billion while importing US\$293.6 billion. This deficit highlights limited domestic processing capacity and weak integration into global Halal food value chains.

Halal Tourism

In 2024, Muslim inbound travel reached 177 million arrivals, while outbound trips totalled 81 million. Muslim travel expenditure rose sharply to US\$217 billion in 2023, a 43.2% increase from 2022, and is projected to reach US\$384 billion by 2028 (12.1% compound annual growth rate). OIC destinations out of 100 points outperform global averages in services (62.6 points) and environment (60.3 points) under the Global

Muslim Travel Index framework but lag in communication (32.2 points) and experiential offerings, limiting competitiveness beyond core faith-based services.

Islamic Lifestyle Market

Excluding travel, the global Islamic lifestyle market reached US\$781 billion in 2023 and is projected to exceed US\$1.08 trillion by 2028. OIC countries accounted for US\$633 billion in 2023. Modest fashion dominates (US\$327 billion), followed by media and recreation (US\$260 billion), Halal pharmaceuticals (US\$107 billion), and cosmetics (US\$87 billion). Rising imports, particularly from non-OIC suppliers, underscore missed opportunities for domestic manufacturing and intra-OIC trade expansion.

CHAPTER 2: Initiatives for Halal Industry Development

OIC countries and institutions such as SMIIC, SESRIC, IsDB, ICDT, and COMCEC are advancing a coordinated approach to strengthen governance, knowledge exchange, and sustainable growth across Halal sectors.

Islamic finance drives inclusion, ethical investment, and sustainable growth. Key economies—Malaysia, Saudi Arabia, Indonesia, Pakistan, Türkiye, and the United Arab Emirates—have reinforced Shariah governance, expanded sukuk markets, and embedded Islamic finance in development strategies. AAOIFI, IFSB, and IsDB provide standards and guidance. Expansion of fintech, digital finance, and zakat/waqf models enhances access and resilience. Regional cooperation and standard harmonization remain vital to unlock full potential and support shared prosperity.

With global Muslim food expenditure at US\$1.43 trillion in 2023 and projected at US\$1.94 trillion by 2028, OIC countries invest in manufacturing, agri-tech, and food security. SMIIC, COMCEC, IOFS, and SESRIC strengthen standards, capacity, and trade efficiency, positioning Halal food as a key driver of economic growth, self-sufficiency, and global competitiveness.

Halal tourism is a fast-growing contributor to jobs, trade, and cultural exchange. Policies in Malaysia, Saudi Arabia, Türkiye, the United Arab Emirates, and Indonesia focus on competitiveness, sustainability, and digital transformation. SESRIC, COMCEC, and SMIIC provide standards, training, and strategic frameworks, supporting quality services, workforce development, and cross-border collaboration.

Islamic Lifestyle: Encompassing modest fashion, Halal pharmaceuticals, cosmetics, and media, this sector drives ethical consumption, innovation, and market growth. Leading OIC economies—Indonesia, Malaysia, Türkiye, and the Gulf states—support SMEs, streamline standards, and advance digital adoption. OIC-wide initiatives further foster trade, investment, and entrepreneurship, particularly among youth and women, positioning the sector for sustainable, high-value growth.

CHAPTER 3: Issues and Challenges in the Halal Industry

The Halal industry is a major driver of trade, employment, and investment in OIC countries, yet its growth is constrained by regulatory fragmentation, high certification costs, limited innovation, weak data systems, and human capital shortages. Sector-specific challenges—such as counterfeiting in media, greenwashing in cosmetics, and ingredient sourcing in pharmaceuticals—highlight the need for coordinated strategies combining regulatory harmonization, technological adoption, and capacity building.

Islamic finance, a cornerstone of the Halal economy, faces fragmented Shariah interpretations, inconsistent regulations, limited product diversification, and uneven regional progress. Strengthening policy coordination, talent development, data systems, fintech, and ESG-linked instruments can enhance trust, inclusion, and sustainable growth.

Halal food suffers from fragmented certification, high compliance costs, limited lab capacity, and weak logistics, restricting competitiveness and trade. Unified OIC standards, digital traceability, and consumer awareness are essential to transform consumption strength into productive capacity.

Halal tourism is growing rapidly but is limited by weak governance, infrastructure gaps, low local participation, and poor digital adoption. Institutional reform, Halal-certified facilities, workforce training, and public–private partnerships are key to improving integrity, inclusivity, and global competitiveness.

Islamic lifestyle sectors—pharmaceuticals, cosmetics, fashion, media, and entertainment—face regulatory fragmentation, high costs, and limited SME capacity. Harmonized standards, traceability, governance, innovation support, and digital adoption are critical to enhance credibility, competitiveness, and ethical market growth.

INTRODUCTION

The Halal economy has emerged as an increasingly important component of the global economic landscape, extending well beyond its traditional association with food products. Rooted in Islamic principles, Halal encompasses a comprehensive framework governing consumption, production, and ethical business conduct (SESRIC, 2021). Over time, this framework has expanded to include sectors such as finance, tourism, and lifestyle industries, enabling the Halal ecosystem to evolve from a fragmented niche into a globally recognised driver of trade, investment, and inclusive growth across both OIC and non-OIC economies. Beyond its economic significance, the Halal industry reinforces cultural identity, enhances consumer trust, and promotes ethical business practices, while increasingly leveraging globalization and digitalization to improve market access and competitiveness (COMCEC, 2024; World Bank, 2022).

Over the past decade, the Halal industry has witnessed remarkable growth, transforming into a dynamic and multi-sectoral global ecosystem. This robust expansion is driven by rising consumer demand, evolving regulatory frameworks, and stronger public-private partnerships. Recent technological and market developments are reshaping the Halal landscape, driving greater efficiency, transparency, and inclusivity across sectors. Innovations in digital certification, blockchain-based traceability, and Islamic fintech are strengthening compliance systems and improving access to Shariah-compliant financing, particularly for small and medium enterprises (SMEs). The rapid growth of green and sustainability-linked sukuk is also channelling capital toward renewable energy, food security, and Halal infrastructure projects, aligning the industry with global sustainability goals.

Despite notable progress, the Halal industry across OIC countries continues to face structural challenges that limit its full economic potential. The sector remains affected by fragmented standards, uneven institutional capacity, and weak integration across Halal value chains, all of which undermine the scale and sustainability of growth. Many of these obstacles, such as regulatory fragmentation, high certification costs, limited innovation, and weak data systems, are shared across multiple Halal sectors, reflecting systemic governance and institutional capacity gaps within the broader Halal ecosystem.

OIC and its key institutions play a central role in shaping a unified and forward-looking vision for the Halal industry. Guided by the OIC 2025 Programme of Action, these efforts are coordinated through specialized bodies such as COMCEC, SMIIC, ICdT, SESRIC, and IsDB. These institutions provide the institutional foundation for coordinated policy and programmatic action across OIC countries.

The report is organized into four sections. Following the introduction, Chapter 1 presents an overview of the Halal industry in OIC countries across finance, food, tourism, and Islamic lifestyle, including market trends and recent developments. Chapter 2 examines key challenges such as fragmented regulations, high certification costs, limited innovation, weak data systems, capacity gaps, and sector-specific issues

like counterfeiting, greenwashing, and ingredient sourcing. Chapter 3 reviews initiatives by OIC countries and institutions, covering standardization, digitalization, innovation, intra-OIC trade, research, and capacity-building. Chapter 4 concludes with policy recommendations to strengthen governance, harmonize frameworks, and promote sustainable and inclusive growth of the Halal industry.

1. STATE OF HALAL INDUSTRY

The Halal industry represents a significant and evolving component of economic activity across OIC countries, encompassing a wide range of sectors linked to production, trade, finance, and services. Within this context, this chapter examines the current state of the Halal industry across OIC countries, drawing on the latest available data and market insights to assess its size, growth dynamics, trade patterns, and investment trends.

The analysis focuses on four core components of the Halal economy, Islamic finance, Halal food, Halal tourism, and Islamic lifestyle industries, which together define its overall structure and scope. In addition, the chapter analyses key demand-side and supply-side factors influencing the development of the Halal industry in OIC countries, highlighting emerging opportunities as well as structural constraints shaping its performance.

1.1. Definition and Scope

Derived from the Arabic term meaning “permissible” or “lawful,” the Halal industry encompasses systems of production, trade, and consumption that comply with Islamic principles (Al-Qaradawi, 2013). Initially centered on food and beverages, it has evolved into a diverse global market to include finance and tourism sectors, and lifestyle products. This diversification reflects both market innovation and growing consumer awareness of quality, safety, and ethical standards.

Halal principles emphasize health, safety, sustainability, and ethical conduct, aligning closely with global movements toward responsible and sustainable consumption. Rooted in Islam’s prohibition of harm to people, animals, or the environment, the Halal framework serves not only as a faith-based obligation but also as a model for sustainable and ethical development. As awareness of sustainability and fair trade increases globally, Halal products are gaining recognition among non-Muslim consumers as trustworthy, high-quality, and environmentally responsible choices, broadening the market’s global reach (SESRIC 2021).

1.2. Demand-Side Growth Drivers

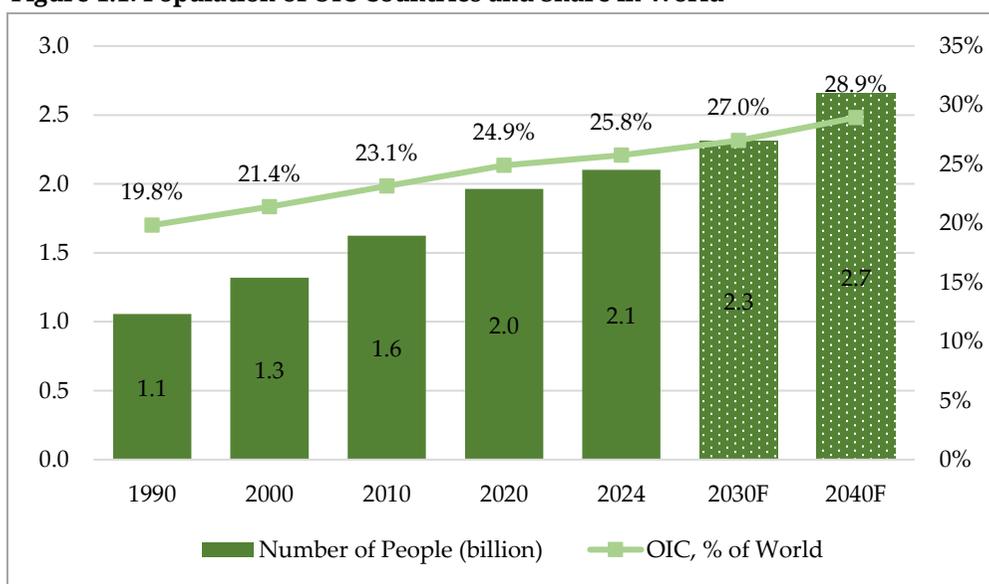
Demand-side growth drivers of the Islamic economy reflect the rising consumer interest in products and services that align with Islamic principles. As Muslim populations expand and purchasing power increases, demand for Islamic finance, Halal food, modest fashion, and ethical lifestyle sectors continues to grow. Changing consumer preferences, increasing awareness of Shariah-compliant options, and greater global connectivity further accelerate this trend, making demand-side factors a key force shaping the future of the Islamic economy.

- **Large, Fast-Growing, and Young Muslim Population**

The global Muslim population forms the foundation of the demand for Halal products and services. The population of OIC countries nearly doubled from 1.1 billion in 1990 to 2.1 billion in 2024, representing roughly a quarter of the world’s population. The

projections show that, as of 2025, the population of OIC countries will increase to 2.7 billion, accounting for 28.9% of the world’s population (Figure 1.1). The most crowded OIC countries such as Indonesia, Pakistan, Nigeria, Bangladesh and Egypt together account for more than 1 billion Muslims, forming the largest demand clusters for Halal products and services. These figures highlight the pivotal role of these countries in shaping global Halal market trends.

Figure 1.1: Population of OIC Countries and Share in World



Source: SESRIC staff calculations based on UN DESA’s World Population Prospects 2024. “F” denotes forecasted values.

Youth demographics further reinforce the growth potential of the global Halal economy. In 2023, Muslims aged 15–29 accounted for approximately 27.8% of the total Muslim population, with their number projected to reach around 540 million by 2030 (DinarStandard, 2024). Young consumers aren’t simply hunting for the cheapest option when they buy something. They look for ethical reassurance, alignment between a brand’s values and their own, and products that reflect their personal identity (Sulaiman et al., 2024). This young and digitally engaged generation constitutes a key driver of demand for ethical, authentic, and innovative Halal products and services across food, finance, tourism, and lifestyle sectors. The combination of sustained population growth, youthful consumer behavior, and rising income levels is expected to support long-term expansion in the Halal industry across all major segments (SESRIC 2021).

- **Affluence of Muslim Consumers**

Rising income levels and the expansion of middle-income segments among Muslim populations are key drivers of global Halal market growth. Increased affluence has enabled consumers to move beyond basic necessities, spending on premium and

lifestyle Halal products. Despite global economic headwinds, the economies of OIC countries have shown notable resilience, with a collective GDP of US\$9.2 trillion in 2024, representing 8.3 percent of the global economy (SESRIC, 2025a). At the same time, Muslim consumer spending has continued to grow, rising from US\$2.20 trillion in 2018 to US\$2.29 trillion in 2022, reaching an estimated US\$2.43 trillion in 2023, and is projected to reach US\$3.36 trillion by 2028. These trends demonstrate a strong alignment between rising prosperity and the diversification of Halal consumption patterns worldwide.

At the country level, Saudi Arabia, Qatar, and the United Arab Emirates exemplify this pattern, with continued economic diversification and strong per-capita income growth supporting high consumption of Halal food, finance, and tourism services. Southeast Asian countries such as Malaysia and Indonesia also benefit from a growing urban middle class, further expanding the consumer base for Halal-certified goods and services.

- **Centrality of Islamic Values and Lifestyle Practices**

Religious adherence and cultural values are fundamental determinants of consumer behaviour across Muslim societies. Globally, faith functions not only as a spiritual framework but also as a guide for ethical and daily living, influencing consumption patterns that align with religious principles. Between 70% and 90% of Muslims in Asia-Pacific and the Middle East and North Africa consider religion very important in their daily lives, establishing a strong normative foundation for the Halal economy worldwide (Pew Research Center, 2023).

Within OIC countries, this global pattern is particularly pronounced. Muslim populations have maintained a consistent emphasis on faith-centered lifestyles, providing a resilient and predictable consumer base for Halal products and services. Countries such as Indonesia, Pakistan, and Saudi Arabia exemplify this interconnection, where religious observance directly influences demand for Halal food, Islamic financial services, lifestyle, and family-oriented tourism. Institutionalized Halal certification systems and faith-based business practices further reinforce this link between religiosity and economic participation.

At the sectoral level, Islamic values have catalysed the growth of Halal lifestyle industries beyond traditional food markets. Rising religiosity among younger generations has driven demand for modest fashion, Islamic finance products, and Halal travel services. These developments illustrate how consumer identity and spiritual ethics intersect to shape modern market preferences

- **Digital Connectivity and E-Commerce Growth**

The rapid digital transformation of the global economy is reshaping how consumers access goods and services, and the Halal industry is increasingly leveraging these technologies to connect Muslim consumers with Halal-certified products worldwide. As

of 2024, an estimated 5.35 billion people, or about 66.2% of the world's population, were internet users, creating new channels for economic participation and market access across both developed and emerging regions (DinarStandard, 2024). Within OIC countries, digital adoption has accelerated, with many GCC economies reporting near-universal internet coverage of up to 99%, while MENA average 65%, above the global average of 49%. Southeast Asian OIC countries, including Indonesia and Malaysia, have also strengthened digital infrastructure and e-commerce capabilities, supported by high mobile phone usage and expanding broadband networks.

E-commerce is among the fastest-growing segments of this digital shift. Global online sales are approaching US\$6 trillion, with Southeast Asia leading growth, particularly in Indonesia and Malaysia (DinarStandard, 2024). In the GCC, e-commerce revenue is projected to grow by 11% annually, reaching approximately US\$50 billion by 2027. Fifteen of the world's top fifty smartphone markets are located in OIC countries, indicating strong readiness for digital engagement. The spread of digital payment systems and Islamic fintech solutions enhances trust and accessibility in online transactions.

This digital connectivity has diversified the Halal industry, enabling consumers to access Halal food delivery, Islamic fintech, modest fashion, and Halal tourism packages more efficiently. Young, digitally connected Muslims increasingly value convenience, authenticity, and ethical compliance, forming the core of future demand in the global Halal economy.

- **Growth of Ethical and Sustainable Consumption**

Ethical and sustainable consumption has become a powerful demand-side driver which is reshaping global markets. Increasingly, consumption patterns are increasingly influenced by ethical, sustainable, and health-conscious preferences, reflecting growing awareness of environmental impact, animal welfare, and social responsibility. People now seek products and financial solutions that reflect transparency, accountability, and value-driven decision-making, which extends the appeal of Halal beyond its traditional religious context. DinarStandard (2024) indicates that about two-thirds of consumers are willing to pay more for ethical goods, and nearly three-quarters of millennials show loyalty to sustainable brands. Moreover, interest in Halal industries, such as Islamic finance, is growing even among non-Muslims because it shares key principles with impact investing. These trends align closely with the principles of the Halal economy, which emphasize cleanliness, safety, and fairness, positioning Halal standards as both a religious and ethical framework.

Within OIC countries, Halal certification signals ethical production and quality, reinforcing consumer confidence and attracting non-Muslim buyers who prioritize responsible and transparent brands. Halal standards can complement global sustainability objectives while appealing to diverse ethical markets (DinarStandard, 2024).

Countries including Malaysia, Indonesia, and the United Arab Emirates are experiencing rising demand for organic, cruelty-free, and environmentally friendly Halal products. Younger consumers, particularly Generation Z, are driving this shift, favouring brands that align with both ethical principles and faith-based values. The convergence of sustainability and Halal compliance is expanding the global reach and appeal of Halal-certified goods and services.

1.3. Supply-Side Drivers

The expansion of the Halal industry depends not only on rising demand but also on a robust and coordinated supply base. Across OIC countries, supply-side development is being shaped by stronger governance, national strategies, growing Islamic finance, enhanced trade connectivity, private sector participation, and institutional harmonization.

- **Government Regulation and Certification**

Government regulation and formal certification frameworks are critical enablers of the development of the Halal industry. National authorities such as JAKIM in Malaysia, the SFDA in Saudi Arabia, and the ESMA and the Emirates International Accreditation Centre (EIAC) in the United Arab Emirates have strengthened Halal certification systems, ensuring product integrity and market confidence. Harmonization efforts through initiatives like the International Halal Accreditation Forum and the coordination of OIC institutions including the SMIIC and the ICDT have advanced mutual recognition of standards. Compared to non-OIC markets, OIC countries demonstrate a higher degree of institutionalization in Halal certification, giving exporters a competitive edge and supporting traceability and compliance in global markets.

- **National Halal Industry Strategies**

Several OIC countries have integrated Halal industry promotion into national economic diversification strategies. Malaysia, Indonesia, Saudi Arabia, and the United Arab Emirates lead in establishing Halal industrial parks, incubation programs, and export incentives. Countries such as Saudi Arabia, the United Arab Emirates, Nigeria, and Indonesia also collaborate with the Islamic Organization for Food Security (IOFS) to enhance Halal food security and self-sufficiency. These national strategies move beyond isolated initiatives toward comprehensive frameworks that align industrial policy, investment attraction, and export promotion under the broader Islamic economy agenda.

- **Islamic Finance and Investment**

Islamic finance plays a central role in expanding Halal production and infrastructure across the globe. Instruments such as sukuk, Islamic banking, and Shariah-compliant investment funds provide sustainable financing channels for Halal enterprises. Estimate of the IIFM (2025) report shows that global sukuk issuance decreased from US\$212 billion in 2023 to US\$205.1 billion in 2024, with sovereign sukuk reaching US\$118.9

billion, corporate sukuk US\$24 billion, financial institution sukuk US\$30.7 billion, and quasi-sovereign sukuk US\$31.4 billion. Estimate of the IIFM, (2024) report shows that global sukuk issuance increased from US\$182.7 billion in 2022 to US\$212 billion in 2023, with sovereign sukuk reaching US\$136.3 billion, corporate sukuk US\$33.1 billion, financial institution sukuk US\$18.7 billion, and quasi-sovereign sukuk US\$23.9 billion. Deal flows in Islamic Finance within the OIC has also expanded significantly, supporting Halal production, infrastructure, and enterprise development. Saudi Arabia targets US\$100 billion in annual foreign direct investment by 2030, bolstered by reforms in Islamic capital markets. The emergence of green and eco sukuk further strengthens the link between Halal production, sustainability, and investment diversification.

- **Intra-OIC Trade and Market Integration**

Trade facilitation and regional integration remain critical for enhancing supply-side efficiency within OIC countries. Intra-OIC merchandise exports increased from US\$299 billion in 2020 to US\$491 billion in 2024, reflecting gradual progress in regional connectivity (SESRIC, 2025a). Initiatives such as bilateral agreements, the African Continental Free Trade Area (AfCFTA), and the Regional Comprehensive Economic Partnership (RCEP) have strengthened trade linkages (DinarStandard, 2024). Nevertheless, reliance on food imports from non-OIC countries remains high, highlighting the need for enhanced domestic production and harmonized standards to boost competitiveness and reduce dependency.

- **Private Sector and Global Brand Participation**

Private sector participation has expanded significantly across OIC Halal industries. Multinational corporations such as Nestlé, Unilever, H&M, and BRF have increased Halal-certified production, particularly in food, cosmetics, modest fashion, and tourism sectors. Foreign direct investment inflows into OIC countries rose from US\$92 billion in 2020 to US\$210 billion in 2024, representing 33.2 % of total FDI to developing countries and 13.9 % of global FDI (SESRIC, 2025a). Stronger investment climates in Malaysia, Indonesia, and the United Arab Emirates have supported this growth. Private sector engagement enhances technology transfer, product innovation, and export diversification, ensuring that Halal supply keeps pace with rising global demand.

- **Institutional Harmonization and Cooperation**

Regional and institutional collaboration forms the foundation for long-term supply-side coordination. Organizations such as SMIIC, ICDT, COMCEC, and IOFS play central roles in developing unified standards, accreditation systems, and mutual recognition arrangements among OIC countries. Malaysia and Türkiye continue to lead standardization and capacity-building efforts. Although progress remains uneven, ongoing cooperation through OIC mechanisms reduces transaction costs, strengthens certification credibility, and fosters greater intra-OIC trade alignment.

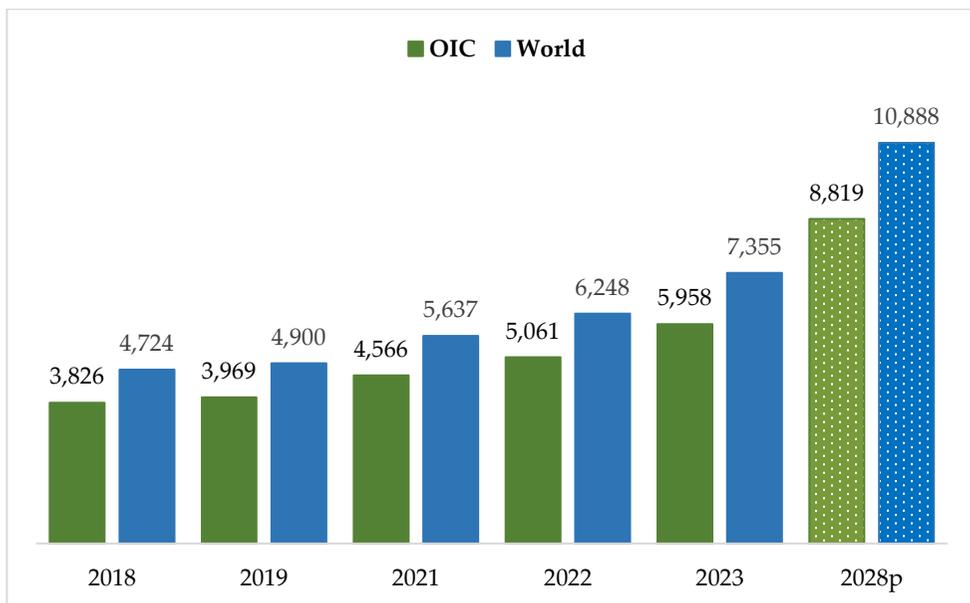
The Halal industry in OIC countries is grounded in Islamic values of fairness, moderation, and social justice, which guide sustainable and inclusive growth. Strong regulation, national strategies, Islamic finance, trade integration, private sector engagement, and institutional cooperation collectively provide a solid foundation for expanding production, boosting exports, and ensuring that Halal sector growth delivers broad economic and social benefits.

1.4. Industry Trends and Forecasts

Encompassing food, finance, tourism, and lifestyle, the Halal industry has experienced steady global growth, fuelled by increasing Muslim consumer demand and adoption by ethically minded non-Muslim markets. As shown in Figure 1.2, the Halal market was valued at approximately US\$4.74 trillion in 2018 and reached US\$7.36 trillion in 2023. It is projected to grow to US\$10.89 trillion by 2028. Since direct data for OIC countries is not available, the OIC market size has been estimated assuming that 81% of global Muslims reside in OIC countries. Based on this assumption, OIC markets accounted for around US\$3.79 trillion in 2018, US\$5.89 trillion in 2023, and are projected to reach US\$8.71 trillion by 2028, highlighting that OIC countries constitute the majority of the global Halal industry. The Halal market in OIC countries is expected to maintain and sustain strong growth, driven by rising consumer spending, expanding middle-class population, and increasing integration across Halal value chains.

These trends underscore the strategic importance of OIC countries in the global Halal economy and emphasize the need for policies and investment strategies that support sector growth, improve competitiveness, and enhance export potential.

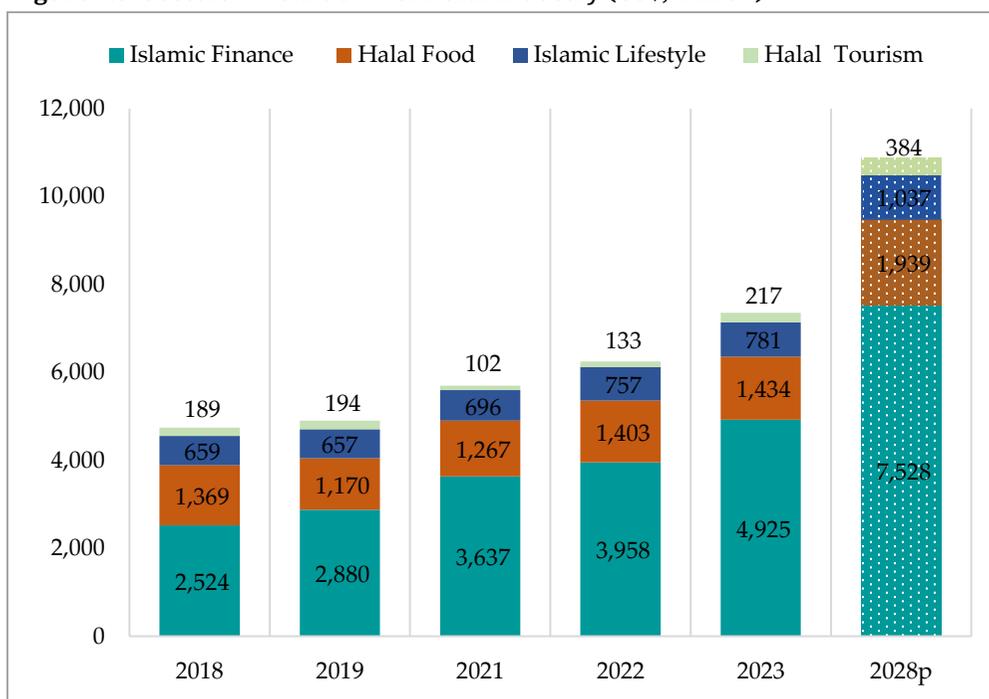
Figure 1.2: Estimated Market Size of the Halal Industry (US\$, Billion)



Source: DinarStandard (2019–2024) reports. Note: *p indicates a projection.

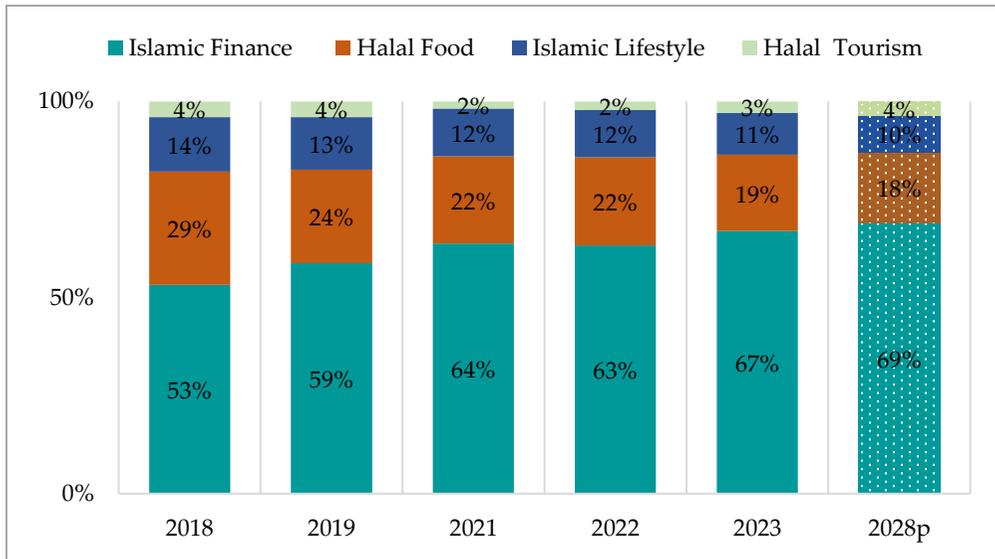
Understanding how demand is distributed across the key sectors of the Halal industry provides valuable insights into the market as a whole. According to recent estimates, Islamic finance remains the dominant segment of the global Halal industry, growing from US\$2.52 trillion in 2018 to US\$4.93 trillion in 2023, and projected to reach US\$7.53 trillion by 2028 (Figure 1.3). Halal food, valued at US\$1.37 trillion in 2018, increased to US\$1.43 trillion in 2023 and is expected to reach US\$1.94 trillion by 2028. Halal tourism represents a relatively smaller share, contributing US\$189 billion in 2018, US\$217 billion in 2023, and projected to reach US\$384 billion by 2028. The broader Islamic lifestyle sector, which encompasses Halal pharmaceuticals, Halal cosmetics, modest fashion, media, and recreation, grew from US\$659 billion in 2018 to US\$781 billion in 2023, and is projected to reach US\$1.04 trillion by 2028.

Figure 1.3: Sectoral Breakdown of Halal Industry (US\$, Billion)



Source: DinarStandard (2019-2024) reports. P indicates projected values.

A breakdown of the sectoral shares of the Halal sectors shows that Islamic finance is both dominant and steadily expanding. Its share increased from 53% in 2018 to 67% in 2023 (Figure 1.4). The remaining sectors, however, present a different trend. The share of the Halal food sector declined significantly, falling from 29% in 2018 to 19% in 2023. The Islamic lifestyle sector followed a similar pattern, decreasing from 14% to 11% over the same period. Halal tourism has been fluctuating, with its share expected to return to pre-pandemic levels by 2028.

Figure 1.4: Shares of Halal Sectors

Source: DinarStandard (2019-2024) reports. P indicates projected values.

The data indicate a clear trend: Islamic finance is the primary driver of growth, while Halal food and the Islamic lifestyle sectors maintain significant but smaller market shares, suggesting opportunities for targeted investment in food, tourism, and lifestyle segments to diversify growth and enhance competitiveness across OIC countries.

1.5. OIC Halal Trade and Investment

The trade and investment landscape of OIC countries in the Halal industry illustrates both the scale of economic opportunity and the disparities that shape participation across member countries. The OIC region has emerged as an increasingly significant player in global Halal trade and investment flows, supported by large consumer markets, expanding industrial capacity, and stronger policy focus on Halal certification and value-chain development. However, performance remains uneven, with some countries attracting substantial FDI and others continuing to rely heavily on imports of Halal goods.

The following subsections present seven key indicators that together provide a comprehensive view of OIC countries' engagement in the Halal industry. These include FDI inflows to OIC economies, investment trends within the Halal industry, total and sectoral Halal imports, the top OIC importers and exporters, and the trade balance across major Halal sectors.

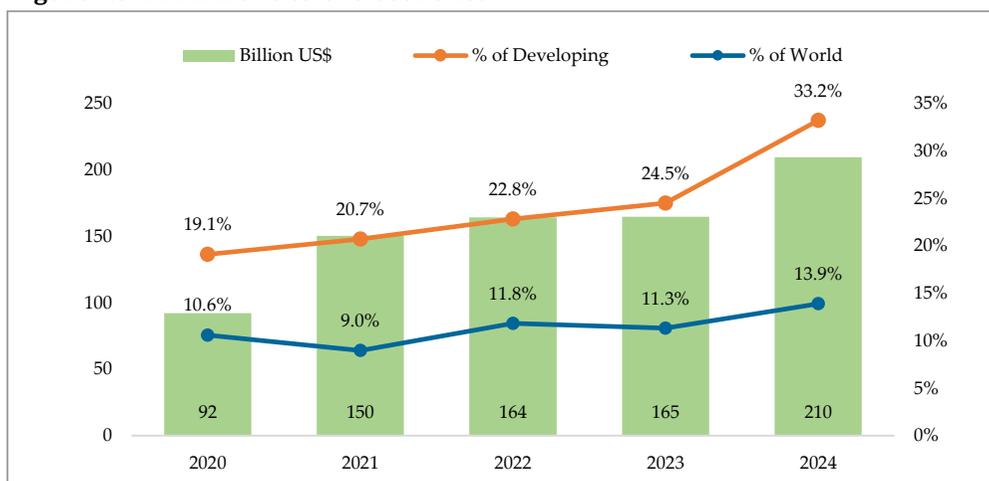
The first of these indicators focuses on FDI, which serves as a key driver of economic growth, technology transfer, and industrial expansion, particularly in emerging markets. Globally, FDI flows have shown fluctuating patterns due to macroeconomic

shocks, trade tensions, and the lingering effects of the COVID-19 pandemic, influencing investment in sectors such as manufacturing, services, and Halal industries.

According to the latest estimates, FDI inflows to OIC countries increased from US\$92 billion in 2020 to US\$165 billion in 2023 and are projected to reach US\$210 billion in 2024 (Figure 1.5). These values represent an increase from 19.1% to 33.2% of total developing-country FDI, and from 10.6% to 13.9% of global FDI over the same period. This upward trend reflects growing investor confidence in OIC economies, supported by economic diversification efforts, improved investment climates, and expanding opportunities in Halal-related sectors such as food production, Islamic finance, and tourism.

Compared to global averages, OIC countries have captured a growing share of worldwide FDI, signaling increasing competitiveness in attracting international capital. The rise in FDI relative to other developing regions highlights the effectiveness of policy reforms, economic diversification strategies, and investment incentives, particularly in high-growth Halal sectors such as food, pharmaceuticals, and Islamic finance.

Figure 1.5: FDI Inflows to OIC Countries



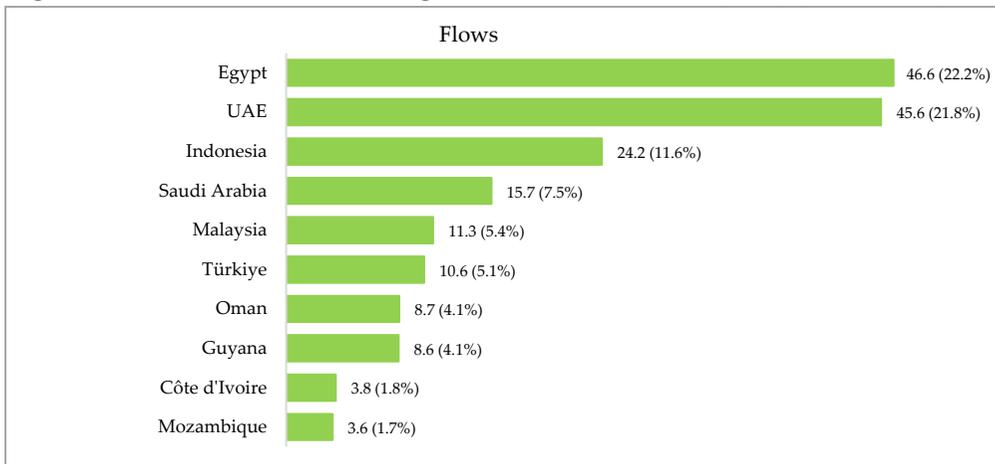
SESRIC, Economic Outlook (2025).

Following the growth in total OIC FDI inflows, the country-level distribution in 2024 reveals a marked concentration in key economic hubs (Figure 1.6). Egypt leads with US\$46.6 billion (22.2% of total OIC inflows), followed by the United Arab Emirates with US\$45.6 billion (21.8%). Indonesia is projected to attract US\$24.2 billion (11.6%), Saudi Arabia US\$15.7 billion (7.5%), and Malaysia US\$11.3 billion (5.4%), while Türkiye, and Oman and Guyana are expected to record receipts US\$10.6 billion (5.1%), and US\$8.7 billion (4.1%) and US\$8.6 billion (4.1%), respectively, while Guyana receives US\$8.6 billion (4.1%). Smaller economies such as Côte d'Ivoire and Mozambique attract more modest shares of US\$3.8 billion (1.8%) and US\$3.6 billion (1.7%), respectively.

This distribution underscores the uneven allocation of FDI within OIC countries, with the top five recipients—Egypt, United Arab Emirates, Indonesia, Saudi Arabia, and Malaysia—accounting for over two-thirds of total inflows. The concentration reflects the comparative advantages of these countries, including robust regulatory frameworks, investment promotion mechanisms, strategic geographic locations, and sector-specific incentives designed to attract foreign capital.

Over time, this concentration pattern has persisted, highlighting the sustained attractiveness of established economic hubs in OIC countries. In contrast, smaller economies continue to receive modest inflows, emphasizing opportunities for targeted policy interventions, such as regulatory reforms, enhanced investment facilitation, and incentives aligned with high-growth Halal sectors, including food, Islamic finance, and Halal lifestyle industries. These measures can support a more balanced distribution of FDI and strengthen the overall competitiveness of the OIC Halal economy.

Figure 1.6: OIC Countries with Largest Inward FDI Inflows (2024) (US\$ Billion)

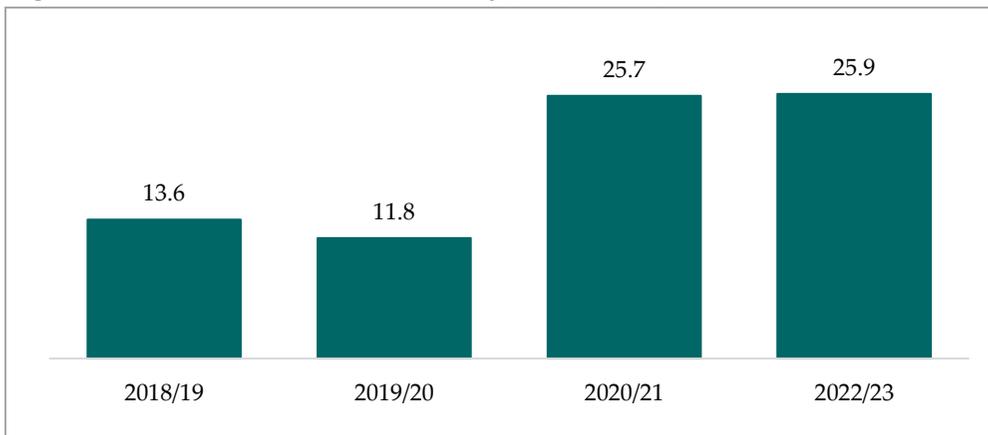


Source: SESRIC, Economic Outlook (2025). Note: Figures in brackets indicate each country's share of the OIC total.

Investment is a key driver of Halal sector development, enabling businesses to expand production capacity, adopt advanced technologies, and integrate global value chains. Globally, rising consumer demand for Halal products has increased the attractiveness of investment opportunities in this sector, particularly for OIC countries seeking to leverage comparative advantages in Islamic finance, Halal food, and lifestyle industries.

Investments in the Halal industry across OIC countries have shown notable fluctuations in recent years (Figure 1.7). Investment levels stood at US\$13.6 billion in 2018/19, before declining slightly to US\$11.8 billion in 2019/20. The sector then experienced a strong rebound in 2020/21, with total investments rising sharply to US\$25.7 billion. However, in 2021/22, investments related to the Islamic economy fell significantly to US\$11.4 billion. This downturn was followed by a substantial recovery in 2022/23, when investments increased again to US\$25.9 billion.

Figure 1.7: Investments in Halal Industry (US\$, Billion)

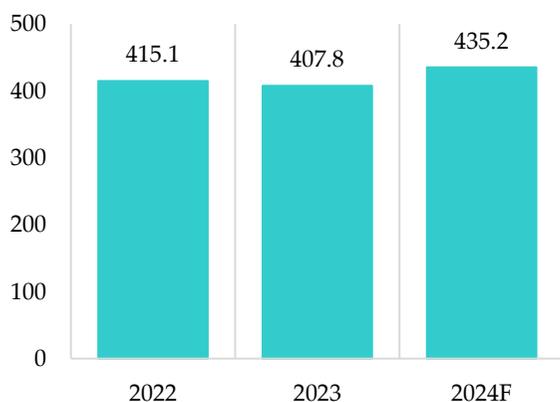


Source: DinarStandard (2019-2024) reports.

Halal industry has demonstrated strong resilience as an investment destination, even amidst global economic uncertainty. The substantial rise in 2020/21 reflects targeted policy measures, growing investor confidence, and the increasing recognition of Halal markets as high-growth segments within OIC countries. Compared to pre-pandemic levels, the post-2020 surge highlights the sector’s ability to attract capital and sustain expansion despite external shocks.

The investment growth is closely linked to the rising role of Halal products in global trade. OIC countries actively participate in international Halal commerce, sourcing products to meet domestic demand and support the expansion of Halal-compliant industries. The integration of Halal trade and investment has strengthened both market access and the competitiveness of OIC economies in the global Halal value chain.

Figure 1.8: Total OIC Halal Imports (US\$, Billion)



Source: DinarStandard (2024)

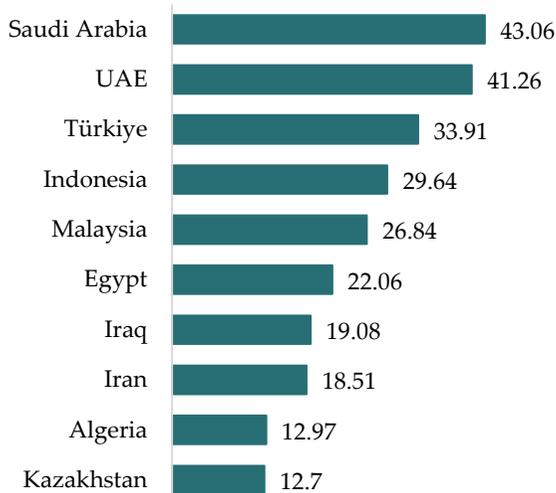
Total Halal imports of OIC countries amounted to US\$415.1 billion in 2022, before a slight decline to US\$407.8 billion in 2023. By 2024, imports are projected to rebound to US\$435.2 billion, surpassing pre-decline levels (Figure 1.8). The trend reflects the growing domestic demand for Halal products and the resilience of OIC economies in maintaining trade flows despite global market fluctuations. It also positions OIC countries among

the major global importers of Halal products, highlighting both the scale of domestic consumption and the structural integration of Halal supply chains across key sectors such as food, pharmaceuticals, and cosmetics.

Over the 2022-2024 period, fluctuations in import values reflect a combination of factors, including post-pandemic supply chain adjustments, currency and trade dynamics, and targeted investments in Halal sector development. These findings underscore the critical role of trade in reinforcing the Halal ecosystem within OIC countries, linking domestic consumption, industrial capacity, and international market participation.

Compared to global Halal trade volumes, OIC countries demonstrate competitive engagement in sourcing high-quality Halal products, supporting consumer preferences and industrial growth. At the country level, Halal import patterns vary according to population size, domestic production capacity, and regulatory frameworks for Halal certification. Countries with large populations or limited domestic production exhibit higher import dependence to meet market needs, while countries with more developed Halal industries may rely less on imports and focus on expanding export capacity.

Figure 1.9: Top 10 OIC Halal Importers (2023) (US\$ Billion)



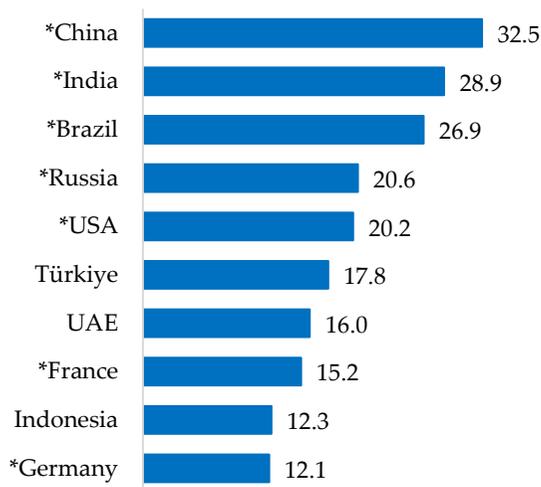
Source: DinarStandard (2024)

In 2023, the top ten OIC Halal importers exhibited significant variation in volumes, highlighting differences in population size, domestic production capacity, and market structure (Figure 1.9). Saudi Arabia led with US\$43.06 billion, followed by the United Arab Emirates (US\$41.26 billion), Türkiye (US\$33.91 billion), Indonesia (US\$29.64 billion), and Malaysia (US\$26.84 billion). Other notable importers included Egypt (US\$22.06 billion), Iraq (US\$19.08 billion), Iran (US\$18.51 billion), Algeria (US\$12.97 billion), and

Kazakhstan (US\$12.7 billion).

These figures reveal clear patterns in Halal import dependence. Countries with larger populations or limited domestic production capacity tend to import more to satisfy domestic demand, whereas countries with more developed Halal industries often balance imports with domestic production. Compared to global Halal trade, these OIC import levels demonstrate substantial engagement in international sourcing, supporting both consumer markets and industrial sectors.

Figure 1.10: Top 10 Exporters to OIC (2023) (US\$ Billion)



Source: DinarStandard (2024). Note: * indicates non-OIC

countries represent an equally critical dimension of global trade, reflecting growing international demand for Halal-certified products and the strategic role of both OIC and non-OIC economies in supplying these markets. Halal exports encompass food and non-food segments, including pharmaceuticals, cosmetics, and consumer goods, catering to the expanding Halal consumer base within OIC countries.

Figure 1.10 highlights the top ten exporters to OIC countries in 2023, which include a diverse mix of OIC and non-OIC economies. China led with US\$32.5 billion, followed by India (US\$28.9 billion) and Brazil (US\$26.9 billion). Russia and the United States exported US\$20.6 billion and US\$20.2 billion, respectively, while Türkiye (US\$17.8 billion) and the United Arab Emirates (US\$16.0 billion) also featured prominently. France, Indonesia, and Germany completed the top ten with export values of US\$15.2 billion, US\$12.3 billion, and US\$12.1 billion, respectively.

The composition of leading exporters illustrates complementary roles within the Halal trade ecosystem. Non-OIC economies such as China, India, Brazil, and the United States benefit from large-scale food processing, agricultural production, and global logistics, allowing them to dominate Halal export flows. Meanwhile, OIC countries like Türkiye, Indonesia, and the United Arab Emirates have strengthened their export capacities through Halal certification systems, diversified manufacturing bases, and strategic participation in global value chains

The pattern underscores that OIC countries are simultaneously major importers and emerging exporters within the Halal ecosystem. The growing role of intra-OIC trade partners, particularly Türkiye and the United Arab Emirates, signals progress toward regional integration and self-sufficiency under OIC trade initiatives. Continued

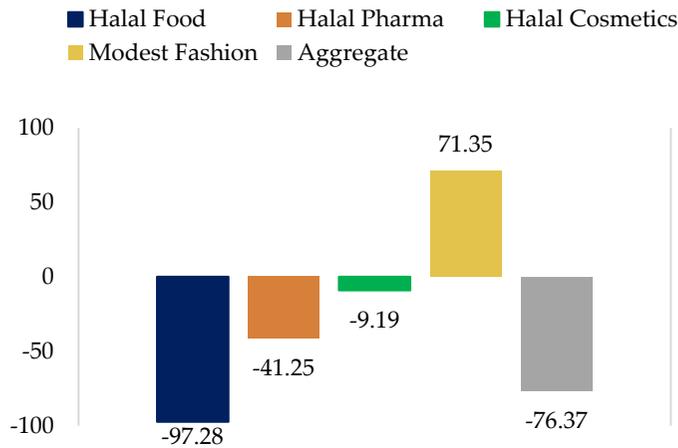
The distribution of imports also highlights regional trade hubs. GCC countries, together with Türkiye, Indonesia, and Malaysia, dominate Halal imports due to strong purchasing power, supportive regulatory frameworks, and strategic positions in global trade networks. These hubs not only satisfy domestic demand but also act as critical nodes in regional Halal value chains, reinforcing the integration of OIC in the global Halal economy.

Building on the analysis of Halal imports, exports to OIC

development of Halal production capacity, certification infrastructure, and industrial diversification across OIC countries could further enhance competitiveness and reduce reliance on non-OIC suppliers in the medium term.

Considering the patterns of Halal trade in OIC countries, the trade balance serves as a

Figure 1.11: Trade Balance of Halal Sectors in OIC (2023)
(US\$ Billion)



Source: DinarStandard (2024)

key indicator of competitiveness and self-sufficiency across OIC Halal sectors. A positive balance indicates that domestic production exceeds local demand, while a negative balance signals reliance on imports and limited industrial capacity. In 2023, OIC Halal sectors collectively recorded a trade deficit of US\$76.37 billion. The

Halal food sector accounted for the largest shortfall at US\$97.28 billion, followed by pharmaceuticals (US\$41.25 billion) and cosmetics (US\$9.19 billion). In contrast, the modest fashion sector achieved a surplus of US\$71.35 billion, partially offsetting deficits in other industries (Figure 1.11).

These patterns reveal structural challenges and competitive strengths within the OIC Halal economy. Persistent deficits in food, pharmaceuticals, and cosmetics reflect dependency on imports, linked to limited manufacturing infrastructure, underinvestment in product development, and fragmented Halal certification frameworks. Conversely, the modest fashion sector demonstrates robust export capacity, supported by well-established textile and apparel industries in countries such as Türkiye, Indonesia, and Bangladesh.

1.6. Halal Industry Segments

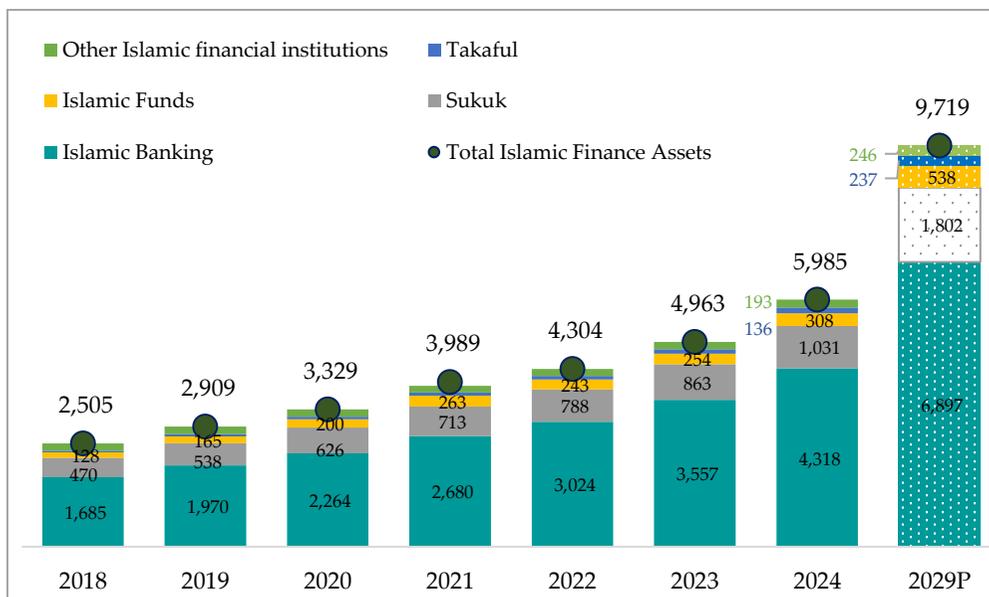
Halal industry encompasses a wide range of sectors within the global economy, including Islamic finance, Halal food, Halal tourism, Halal pharmaceuticals, modest fashion, Halal cosmetics, and media & recreation, along with other markets designed to meet the needs of Muslim consumers worldwide. In addition, the industry increasingly attracts non-Muslim consumers who seek quality, ethical, safe, and trustworthy products, contributing to its growing global appeal and economic significance.

1.6.1 Islamic Finance

Islamic finance is a financial system that operates in accordance with Shariah principles, prohibiting interest (riba) and emphasizing risk-sharing, ethical investments, and socially responsible financing. It includes Islamic banking, sukuk (Islamic bonds), takaful (Islamic insurance), and a variety of Shariah-compliant investment products, and continues to expand across more than 140 markets worldwide. Designed to promote fairness, transparency, and real economic activity, Islamic finance supports financial inclusion, mobilizes development capital, and embeds ethical considerations into financial decisions. As the largest segment of the Islamic economy, demand for Islamic financial services is rising globally among both Muslim and non-Muslim consumers who value ethical investing, asset-backed transactions, and enhanced transparency (ICD & LSEG, 2025). Islamic finance also plays a crucial role across the Halal economy, serving as one of the strategic strengths of OIC countries by providing Shariah-compliant financing throughout value chains, thereby supporting sustainable development and strengthening the broader ecosystem (SESRIC, 2023).

Against this backdrop, the global Islamic finance industry continues to demonstrate strong and sustained growth. Total industry assets reached approximately US\$6 trillion in 2024, reflecting 21% year-on-year growth. As previously noted, the industry now operates across more than 140 markets worldwide. According to projections, global Islamic finance assets are expected to reach US\$9.7 trillion by 2029, representing an average annual growth rate of nearly 10% (Figure 1.12).

Figure 1.12: Growth of Total and Sectoral Islamic Finance Assets (US\$ billion)



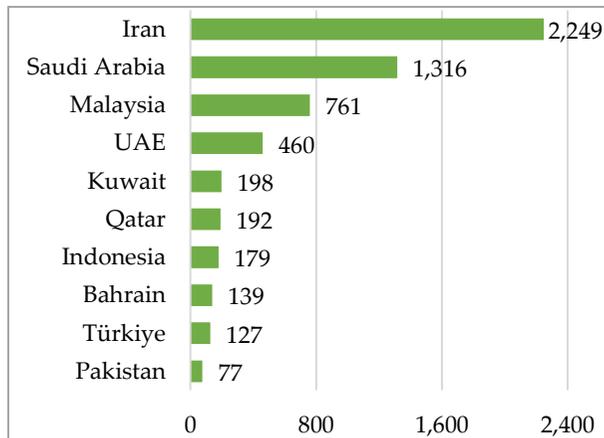
Source: SESRIC staff compilation based on data from ICD & LSEG (2025) Report. Note: P= Projection and OIFI=Other Islamic financial institutions.

Within this expanding landscape, Islamic banking remains the largest segment, with assets totaling approximately US\$4.3 trillion, accounting for about 72.1% of total Islamic finance assets. This is followed by sukuk outstanding, which reached around US\$1.0 trillion, representing 17.2% of the total. Islamic funds, measured by assets under management (AuM), amounted to approximately US\$308 billion, or 5.1%, while takaful assets stood at about US\$136 billion, accounting for 2.3%. Other Islamic financial institutions (OIFI) held assets of roughly US\$193 billion, representing 3.2% of the total.

The regional distribution of Islamic finance assets remains highly concentrated, particularly in the MENA region, which together account for approximately 78% of global Islamic finance assets, with the GCC and other MENA countries each contributing about 39%. Southeast Asia follows with approximately 16%, reflecting its relatively advanced and diversified Islamic finance ecosystem. Other regions account for smaller shares, including Europe (3%), South Asia (2%), and Sub-Saharan Africa (0.25%), while the Americas (0.22%) and other parts of Asia (0.05%) represent marginal proportions of total assets (ICD & LSEG, 2025). Nevertheless, growing markets across Southeast Asia, South Asia, the GCC, and Sub-Saharan Africa continue to deepen their participation, with the establishment of new Islamic banking institutions, the expansion of capital market instruments, and the strengthening of regulatory and supervisory frameworks (IFSB, 2025).

At the country level, Islamic finance assets remain highly concentrated among a small group of leading markets, all of which are member countries of the OIC. The top 10 countries together account for around 95% of global Islamic finance assets, highlighting the uneven geographic distribution of the industry. Iran leads with assets totalling approximately US\$2,249 billion, representing more than one-third (38%) of global Islamic finance assets. This is followed by Saudi Arabia (US\$1,316 billion) and Malaysia (US\$761 billion), with other major contributors including the United Arab Emirates (US\$460 billion), Kuwait (US\$198 billion), Qatar (US\$192 billion), Indonesia (US\$179 billion), Bahrain (US\$139 billion), Türkiye (US\$127 billion), and Pakistan (US\$77 billion) (Figure 1.13).

Figure 1.13: Top 10 Countries by Islamic Finance Assets (US\$ billion), 2024



Source: SESRIC staff compilation based on data from ICD & LSEG (2025) Report.

Additionally, the ICD & LSEG (2025) report indicates that in 2024 the institutional structure of the Islamic finance industry continued to be dominated by fully fledged Islamic financial institutions (IFIs). A total of 1,376 fully fledged IFIs accounted for approximately 86% of total IFI assets. In comparison, 877 Islamic finance windows operated within conventional financial institutions and collectively represented the remaining 14% of IFI assets, reflecting their more limited but complementary role within the system.

Underlying Components of the Islamic Finance Development Indicator

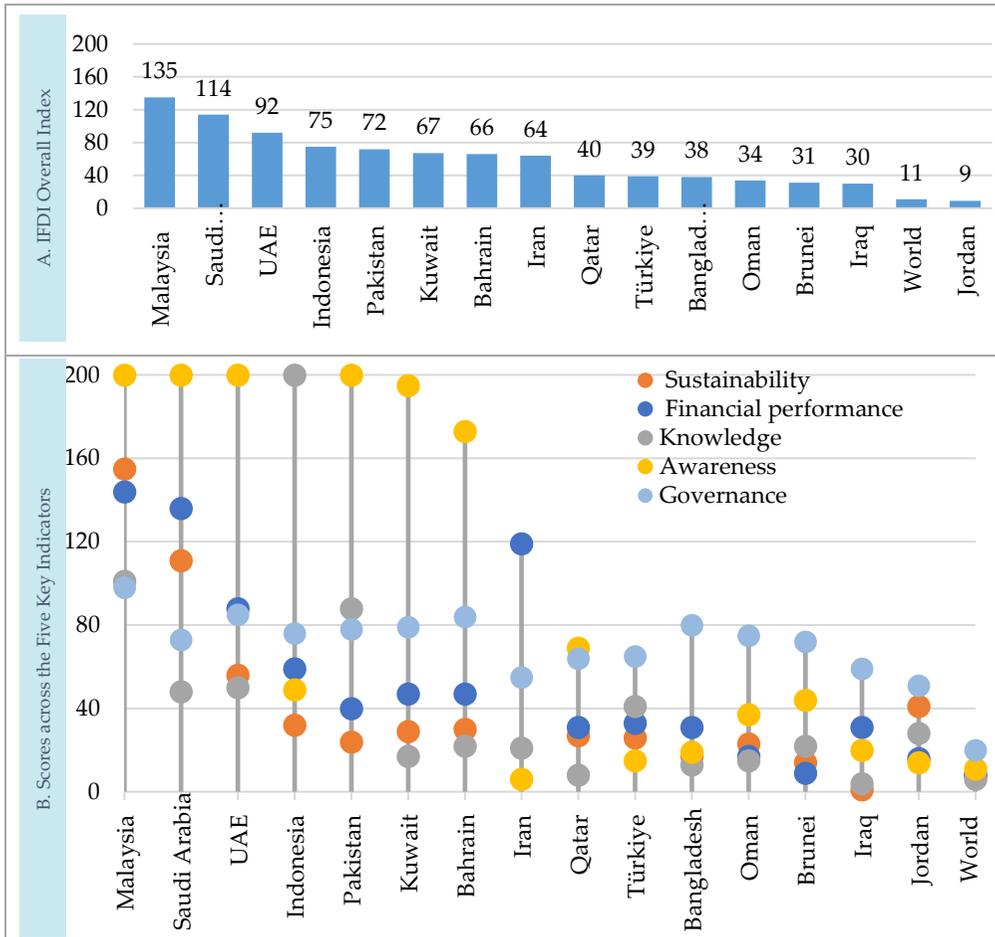
The Islamic Finance Development Indicator (IFDI) provides a comprehensive assessment of the progress and maturity of Islamic finance across countries by capturing performance across five key dimensions: financial performance, governance, sustainability, knowledge, and awareness. Together, these dimensions reflect both the scale of Islamic finance institutions and the strength of the supporting ecosystem, including regulatory frameworks, market infrastructure, and public engagement.

These five components represent the core drivers of Islamic finance development and are aligned with contemporary priorities such as sound governance, sustainability practices, and market outreach. Each dimension plays a distinct yet complementary role in shaping the industry's evolution as a globally recognized and resilient financial system.

At the global level, Malaysia records the highest IFDI score (135 out of a maximum 200), followed by Saudi Arabia (114) and the United Arab Emirates (92). Other OIC countries, including Indonesia, Pakistan, Kuwait, Bahrain, Iran, Qatar, and Türkiye—complete the top 10, though with significantly lower overall scores, highlighting differences in development depth across markets (Figure 1.14A).

Among the five underlying components, OIC countries perform relatively well in governance, with many scoring 50 points or more, reflecting steady progress in regulatory and institutional frameworks. Awareness also stands out as a strong area, particularly in Malaysia, Saudi Arabia, the United Arab Emirates, and Pakistan, all of which achieve the maximum score of 200, followed by Kuwait (195) and Bahrain (173). In contrast, Iran, despite leading in Islamic finance assets, records a relatively modest overall IFDI score of 64, reflecting imbalances across components, most notably strong financial performance (119) alongside weaker outcomes in other dimensions (Figure 1.14B).

Figure 1.14: IFDI Scores of Selected OIC Countries and Global Average (2024)



Source: SESRIC staff compilation based on data from ICD & LSEG (2025) Report. Note: The maximum attainable score is 200.

Islamic Banking

Islamic banking continues to serve as the backbone of the global Islamic finance industry, accounting for approximately 72.1% of total Islamic finance assets, equivalent to about US\$4.3 trillion in 2024 (Figure 1.12). The sector recorded a 21% increase compared to the previous year, reflecting strong momentum across key markets. Over the medium term, Islamic banking assets are projected to reach US\$6.9 trillion by 2029, representing an average annual growth rate of 9.8%. This growth has been driven by solid performance in established OIC markets, alongside increasing participation from new jurisdictions.

The expansion of Islamic banking has been further supported by regulatory reforms, ongoing market development, and digitalisation initiatives, which have strengthened

the sector's resilience and outreach (IFSB, 2025). As a result, Islamic banking activity remains robust in core markets while continuing to expand across emerging regions.

As of 2024, Islamic banking assets constitute at least 15% of total domestic banking assets in 17 OIC countries with domestic systemically important markets. Within this group, Islamic banking represents at least 25% of total banking assets in eleven OIC countries, namely Iran, Somalia, Sudan, Saudi Arabia, Brunei, Kuwait, Mauritania, Malaysia, Bahrain, Qatar, and Djibouti (Figure 1.15). This highlights the deep integration of Islamic banking into national financial systems in a growing number of OIC countries.

Over the period 2019–2024, Islamic banking assets across OIC countries recorded strong but uneven growth, reflecting differences in market maturity, regulatory environments, and stages of sectoral development. A number of OIC countries have experienced particularly rapid expansion, indicating the growing penetration of Islamic banking beyond traditional core markets. Somalia (28.8%), Morocco (27.6%), Kyrgyzstan (26.3%), Nigeria (21.8%), and Libya (19.8%) stand out as the top five countries with the highest 5-Year Compound Annual Growth Rate (CAGR) (Figure 1.16). The strong growth observed in these countries suggests increasing adoption of Shariah-compliant banking, supported by regulatory reforms, rising demand, and market entry of new Islamic banking institutions.

Yet, several other OIC countries recorded more moderate growth rates, reflecting relatively mature markets or structural constraints. At the lower end of the distribution, Brunei (3.9%), Bahrain (5.2%), Bangladesh (5.6%), Palestine (6.6%), and Qatar (7.9%) registered the lowest 5-year CAGRs during the period. In these countries, slower growth is largely associated with already high levels of Islamic banking penetration, market saturation, or limited market size, where Islamic banking has long been embedded in the financial system. Overall, the wide dispersion in growth rates across OIC countries emphasises the heterogeneous nature of Islamic banking development and highlights the coexistence of fast-growing emerging markets alongside more stable and mature Islamic finance hubs.

This growing prominence of Islamic banking at the aggregate level is reflected in the institutional structure of the sector across OIC countries. Although Islamic banking assets account for a substantial share of domestic banking systems in an increasing number of OIC members, the depth of institutional development varies considerably, as evidenced by differences in the number and types of Islamic banking institutions operating across countries.

Figure 1.15: Islamic Banking Share in Total Banking Assets in OIC Countries (%), 2024

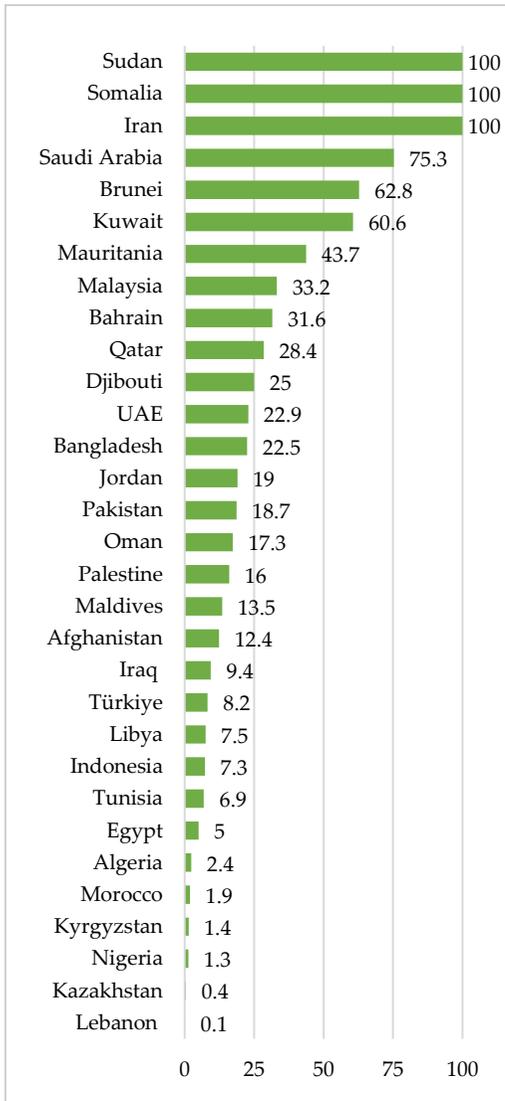


Figure 1.15: 5-Year CAGR of Islamic Banking Assets in OIC Countries (%), 2019-2024



Source: IFSB (2025). Note: estimates for Islamic banking share in total banking assets were for 2024 Q3 and 5-year CAGR of Islamic banking assets were from Q3 of 2023 to Q3 of 2024.

Examining the distribution of fully fledged Islamic banks and Islamic banking windows therefore provides a clearer indication of how firmly the sector is embedded within national financial systems.

In this context, the distribution of Islamic banking institutions across OIC countries reveals marked disparities in sectoral development. As shown in Table 1.1, fully fledged Islamic banks are concentrated in a relatively small number of markets. Sudan (38

banks) and Iran (34 banks) lead this group, where Islamic banking is deeply embedded in the financial system. They are followed by Iraq (29 banks), Malaysia (16 banks), and Indonesia and Bahrain (14 banks each), where Islamic banks operate alongside conventional banking institutions within dual-banking frameworks.

In contrast, the use of Islamic banking windows and domestic branch offices is largely limited to a few large markets. Pakistan (2,438 branches), Malaysia (2,170 branches), and Saudi Arabia (1,027 branches) account for most of these offices, reflecting a preference for expanding Islamic banking through existing banking networks. A similar pattern can be seen for Islamic banking windows within conventional banks, led by Bangladesh (223 windows), followed by Indonesia (19), Pakistan (16), Malaysia (14), and Saudi Arabia (7).

Table 1.1: Country-Level Distribution of Islamic Banking Institutions and Windows, 2024

Country	Islamic Banking, Islamic Banks	Islamic Banking Windows, Domestic Branch Offices	Islamic Banking Windows, Conventional Banks
Afghanistan	1		7
Bahrain	14		
Bangladesh	10	23	223
Brunei	2		
Egypt	3		
Indonesia	14	159	19
Iran	34		
Iraq	29		
Jordan	4		
Kazakhstan	2		
Kuwait	6		
Kyrgyzstan	1	80	4
Lebanon	4		
Libya	5		
Malaysia	16	2,170	14
Morocco	5	40	3
Nigeria	4		
Oman	2	81	5
Pakistan	6	2,438	16
Palestine	3		
Qatar	4		
Saudi Arabia	4	1,027	7
Sudan	38		
Türkiye	9		
United Arab Emirates	9		

Source: OIC Statistics Database. Note: Islamic Banking Windows, Domestic Branch Offices: Number of separate branches, offices, and locations of Islamic banking branches or Islamic windows operated by conventional banks. Islamic Banking Windows, Conventional Banks: Number of conventional banks with branches or dedicated units that provide Shari'ah-compliant banking services.

Sukuk (Islamic Bonds)

With the expansion of Islamic finance, sukuk have gained significant prominence over the past two decades, following their initial issuance in Malaysia and subsequent adoption by Bahrain in 2001. Sukuk provide governments and corporates with a Shariah-compliant alternative for financing investment activities in line with Islamic principles (IFN, 2021). As a result, sukuk markets have expanded beyond OIC countries such as Malaysia, Saudi Arabia, Indonesia, Qatar, and Türkiye, to include several non-OIC economies, including France, Germany, Ireland, Luxembourg, South Africa, Tanzania, the United Kingdom, and the United States (IIFM, 2025).

Over the years, the global sukuk market has shown strong resilience and sustained growth in recent years, reinforcing its role as a key pillar of the Islamic finance industry. Total sukuk outstanding reached US\$1.03 trillion in 2024, reflecting a 19.5% increase from the previous year and a continued expansion from US\$863 billion in 2023. This steady upward trend highlights growing investor confidence in Shariah-compliant capital market instruments and the increasing use of sukuk as a financing tool by both sovereigns and corporates. Based on current projections, the sukuk market is expected to reach US\$1.8 trillion by 2029, supported by its deeper integration into national financing strategies across OIC countries (Figure 1.12).

While sukuk issuance and outstanding volumes remain predominantly centered in the GCC and Southeast Asia, the market is gradually becoming more diversified. Participation from new issuers and emerging markets continues to expand, signalling a broader investor base and greater market depth. These developments point to a maturing sukuk ecosystem that is increasingly resilient to market volatility and capable of supporting long-term development financing (IIFM Sukuk, 2024).

From a regional perspective, the MENA region accounts for approximately US\$505 billion of sukuk outstanding, with the GCC alone contributing US\$477 billion, underscoring its central role in the market. Southeast Asia follows closely with US\$452 billion, reflecting Malaysia's longstanding leadership in sukuk issuance. Other regions account for smaller but growing shares, including Europe (US\$35 billion), South Asia (US\$30 billion), other MENA countries (US\$28 billion), and other regions (US\$8 billion) (Figure 1.17).

At the country level, Malaysia remains the largest sukuk market, accounting for roughly one-third of global sukuk outstanding, with a total value of US\$340 billion in 2024. It is followed by Saudi Arabia (US\$313 billion), Indonesia (US\$111 billion), and the United Arab Emirates (US\$100 billion). Other OIC countries, including Türkiye, Qatar, Iran, Bahrain, Kuwait, and Pakistan, also feature among the leading sukuk markets, reflecting the broadening geographic footprint of sukuk within the OIC and the growing role of Islamic capital markets in national development agendas (Figure 1.18).

Figure 17: Sukuk Outstanding by Region (US\$ Billion), 2024

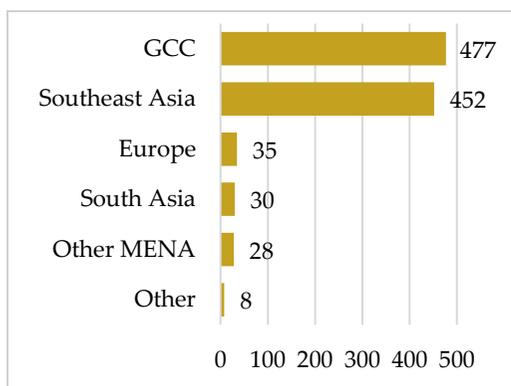
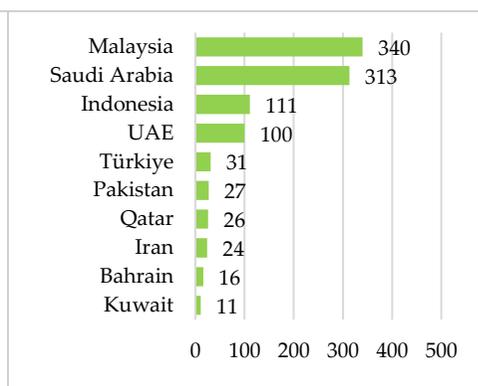


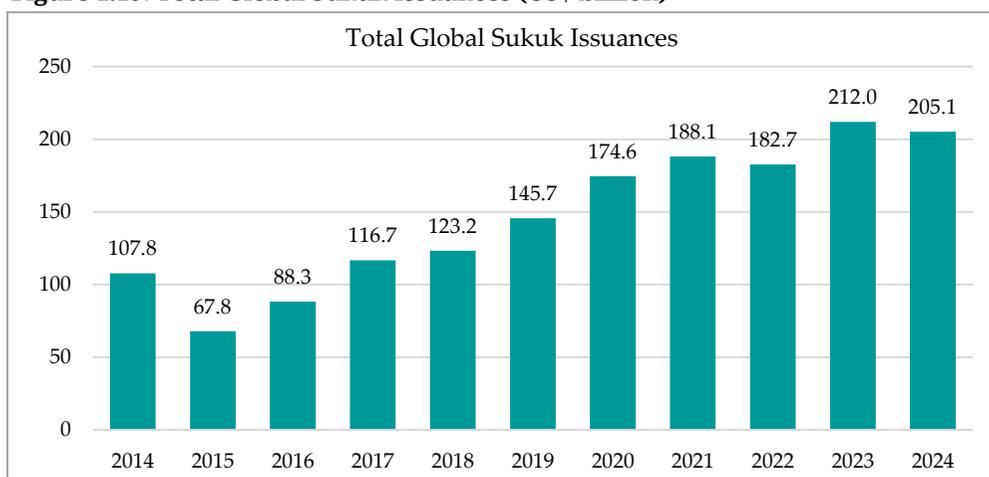
Figure 18: Leading OIC Countries by Sukuk Outstanding (US\$ Billion), 2024



Source: SESRIC staff compilation based on data from ICD & LSEG (2025) Report.

Over the past decade, global sukuk issuances have expanded substantially, nearly doubling from US\$107.8 billion in 2014 to US\$205.1 billion in 2024. Following a temporary slowdown in 2015, issuances regained momentum from 2016 onward, rising steadily to US\$145.7 billion in 2019 and accelerating further during the pandemic period, reaching US\$174.6 billion in 2020 and US\$188.1 billion in 2021. Although issuances moderated slightly in 2022 to US\$182.7 billion, they rebounded strongly to a record high of US\$212.0 billion in 2023. In 2024, total global sukuk issuances declined marginally by 3.3%, settling at US\$205.1 billion, yet remaining well above historical levels (Figure 1.19). Overall, this trend shows the growing role of sukuk as a resilient and increasingly important source of Shariah-compliant financing in global capital markets.

Figure 1.19: Total Global Sukuk Issuances (US\$ billion)

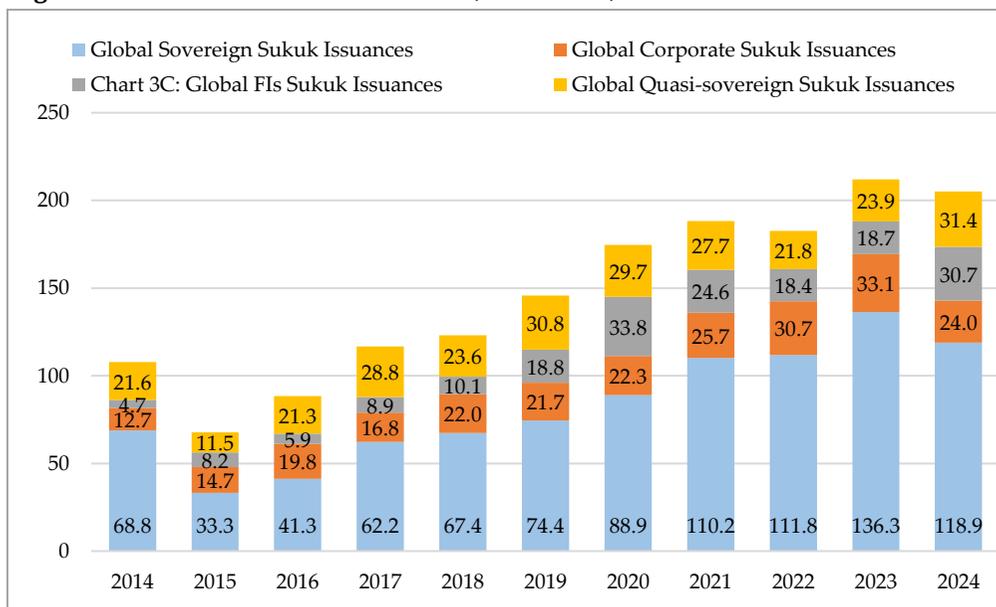


Source: IIFM, (2025).

Of the US\$205.1 billion in global sukuk issuances in 2024, sovereign issuances accounted for more than half of the total, amounting to US\$118.9 billion (58.0%). This reflects the continued reliance of governments on sukuk as a key instrument for financing fiscal needs and development projects. Quasi-sovereign sukuk issuances followed, reaching US\$31.4 billion (15.3%), reflecting the active participation of government-linked entities in the sukuk market. Financial institution (FI) sukuk issuances totalled US\$30.7 billion (15.0%), indicating the role of sukuk in supporting liquidity management and capital adequacy in the Islamic banking sector. In contrast, corporate sukuk issuances remained relatively modest at US\$24.0 billion (11.7%), suggesting that corporate participation in the global sukuk market continues to lag behind sovereign and public-sector-linked issuers (Figure 1.20).

Within the sovereign segment, green sukuk has emerged as a notable and growing component of the global sukuk market. By financing environmentally sustainable infrastructure, green sukuk supports governments in advancing their national and international sustainable development agendas. In this regard, Indonesia's issuance of the world's first sovereign green sukuk in 2018, which raised US\$1.25 billion from a broad range of investors, represents a key milestone in linking Islamic finance with sustainable finance objectives (Fitch Ratings, 2020).

Figure 1.20: Sectoral Sukuk Issuances (US\$ billion)

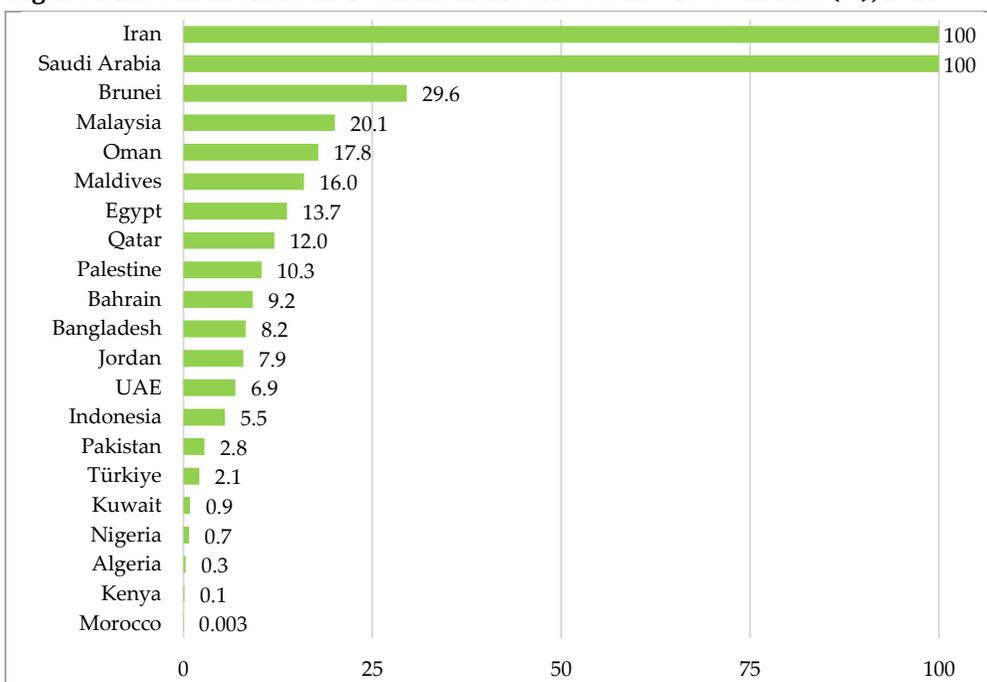


Source: IIFM Sukuk (2025) Report.

At the individual OIC country level, the development of sukuk distribution infrastructure varies considerably across OIC region, reflecting differences in market maturity, regulatory frameworks, and institutional capacity. In 2024, Iran and Saudi

Arabia recorded full market penetration, with Islamic insurance accounting for 100% of total insurance assets in both countries. A second tier of markets, led by Brunei (29.6%), Malaysia (20.1%), and Oman (17.8%), exhibits relatively high but partial integration of Islamic insurance. Several countries, including Egypt (13.7%), Qatar (12.0%), Palestine (10.3%), and Bahrain (9.2%), show moderate adoption levels. In contrast, Islamic insurance remains marginal in a number of OIC members, with shares below 1% in Kuwait (0.9%), Nigeria (0.7%), Algeria (0.3%), Kenya (0.1%), and Morocco (0.003%), underlining substantial disparities in market development across the OIC countries (Figure 1.21).

Figure 1.21: Sukuk Share in Total Insurance Assets in OIC Countries (%), 2024



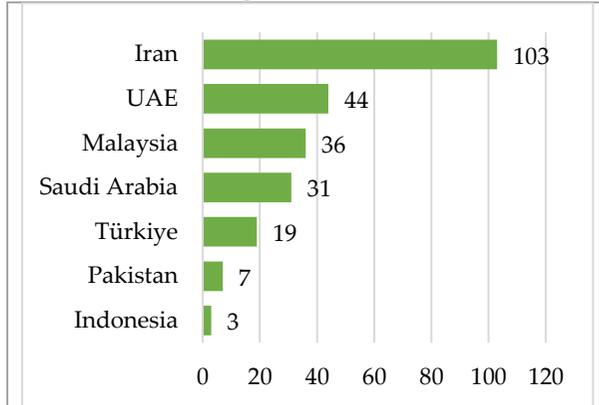
Source: IFSB, (2025).

Islamic Investment Funds

The global Islamic funds industry continued to expand in 2024, recording moderate but robust growth compared to the previous year. Total AuM increased by 21.3% to US\$308 billion, reflecting sustained investor demand for Shariah-compliant investment products and improved market conditions. As a result, Islamic funds accounted for approximately 5.1% of total Islamic finance assets in 2024, reinforcing their role as an increasingly important, though still relatively small segment of the broader Islamic finance ecosystem (Figure 1.12).

Alongside asset growth, the number of Islamic funds outstanding rose to 2,610 in 2024, indicating continued product development and diversification across asset classes and regions (ICD & LSEG, 2025). This expansion reflects asset managers' efforts to respond to rising investor interest, particularly in equity, fixed-income, and sustainable investment strategies. At the same time, Islamic funds AuM remains highly concentrated in

Figure 1.22: Top OIC Countries by Islamic Funds Assets under Management (US\$ billion), 2024



Source: SESRIC staff compilation based on data from ICD & LSEG (2025) Report.

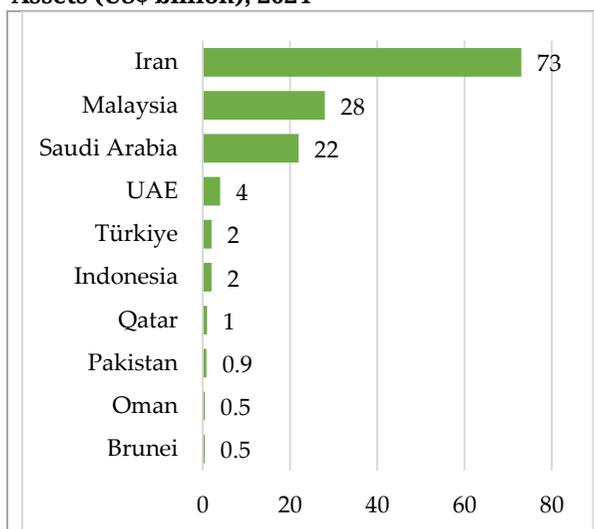
a limited number of markets. Five OIC countries namely; Iran (US\$103 billion), the United Arab Emirates (US\$44 billion), Malaysia (US\$36 billion), Saudi Arabia (US\$31 billion), and Türkiye (US\$19 billion), together accounted for more than three-quarters (76%) of total Islamic funds AuM in 2024, highlighting the uneven geographical distribution of Islamic fund assets across OIC countries (Figure, 22). Despite recent gains, achieving scale remains a persistent challenge for the Islamic asset management sector. More than 79% of Islamic funds manage less than US\$ 50 million in assets, with the largest share comprising micro-sized funds managing US\$ 1 million or less, many of which are primarily based in Malaysia, Indonesia, and Pakistan. This fragmentation limits operational efficiency and global visibility. In addition, the limited Shariah-compliant investment opportunities continue to constrain portfolio diversification, even as demand for ethical and faith-based investment rises across OIC and non-OIC markets (ICD & LSEG, 2024).

Takaful (Islamic Insurance)

Takaful, the Shariah-compliant alternative to conventional insurance, holds significant potential to enhance financial resilience and financial inclusion, despite its currently limited scale within the global Islamic finance industry. Takaful accounts for only around 2% of total global Islamic finance assets, while insurance penetration remains particularly low across developing economies, where less than 7% of the population have access to any form of insurance and approximately 95% of risks remain uninsured. Access is further constrained in many countries with sizeable Muslim populations due to socio-cultural and religious considerations, which discourage participation in conventional insurance schemes (UNDP, 2023).

In this context, the global takaful sector recorded modest growth in 2024, with total assets increasing by 26% to reach US\$136 billion, reflecting improved market conditions and growing demand for Shariah-compliant risk-sharing solutions (Figure 1.12). The sector is supported by a broad institutional base, comprising 395 takaful operators, including Islamic insurance windows, operating across OIC and non-OIC markets. Global takaful assets are projected to reach US\$237 billion by 2029, indicating a favourable medium-term growth outlook despite ongoing structural challenges (ICD & LSEG, 2025).

Figure 1.23: Top 10 OIC Countries by Takaful Assets (US\$ billion), 2024



Source: SESRIC staff compilation based on data from ICD & LSEG (2025) Report.

The GCC and Other MENA regions maintain their leadership in the global takaful landscape, collectively representing over 76% of global takaful assets. Takaful assets remain dominated by five OIC countries. Iran leads the global takaful industry, holding US\$73 billion (54%) of total global takaful assets, while other major markets include Malaysia (US\$28 billion), Saudi Arabia (US\$22 billion), United Arab Emirates (US\$4 billion), Indonesia (US\$2 billion), and Türkiye (US\$2 billion) (Figure, 23). This market dominance reflects the relatively advanced development of takaful frameworks in these jurisdictions, while also highlighting the substantial untapped potential for expansion across other OIC countries.

Digitalization, supported by FinTech, is increasingly influencing the performance and competitiveness of the takaful sector. Evidence from Saudi Arabia indicates that FinTech adoption has improved core takaful operations, including claims management, underwriting support, actuarial functions, sales processes, and risk assessment, contributing to greater operational efficiency and innovation in Islamic insurance institutions (Altwijry et al., 2023). Complementary evidence from Qatar shows that FinTech integration is strongly associated with higher profitability, improved efficiency, and stronger customer engagement in takaful markets, supported by regulatory backing and proactive technology uptake (Elomari, 2023). While these developments highlight FinTech's role as an enabler of sustainable growth in takaful markets, challenges related to cybersecurity risks, regulatory complexity, resistance to change, and financing constraints remain.

Other Islamic Financial Institutions (OIFIs)

Other Islamic Financial Institutions (OIFIs), excluding Islamic banks and takaful operators, play an integral role within the global Islamic finance ecosystem. In 2024, OIFIs accounted for 3.2% of total Islamic finance assets, reaching US\$193 billion, marking a 6.6% increase from 2023. The total number of OIFIs including Islamic windows reached 1,179 in 2024 (Figure, 1.12). Many of these institutions function as subsidiaries of Islamic banks, thereby facilitating the provision of more diversified Shariah-compliant financial services and strengthening domestic Islamic finance frameworks. In this context, the majority of OIFIs operate as mudaraba companies, serving as collective investment vehicles that help meet the financing needs of (SMEs. In 2024, only five OIC countries, namely Malaysia, Saudi Arabia, Iran, Bahrain, and Qatar, accounted for US\$167 billion, representing 87% of total OIFI assets (ICD & LSEG, 2025).).

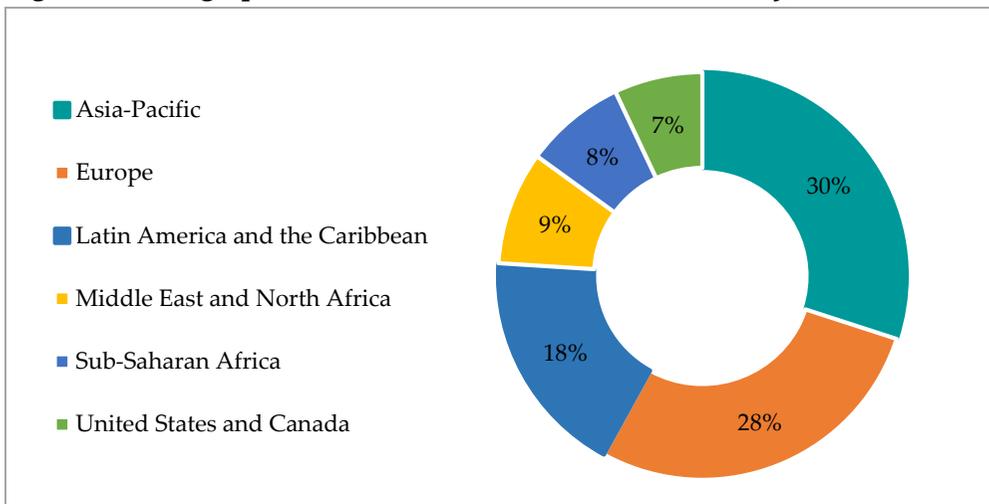
Islamic Fintech

Technological innovation is reshaping the global Islamic financial services industry. The Islamic fintech sector was valued at US\$138 billion in 2024 and projected to exceed USD 300 billion by 2027, driven by the rapid adoption of digital platforms such as Islamic equity crowdfunding and peer-to-peer lending (IFSB, 2025). These instruments are expanding access to finance for SMEs and underserved populations, promoting inclusion and efficiency within Shariah-compliant markets. However, this digital transformation introduces new vulnerabilities, particularly related to Shariah governance, cybersecurity, and investor protection, which require strengthened oversight frameworks.

Global fintech activity remains concentrated in the Asia-Pacific (30%) and Europe (28%), followed by Latin America and the Caribbean (18%), Middle East and North Africa (9%), Sub-Saharan Africa (8%), and North America (7%) (Figure 1.24). Advanced economies account for 55% of global fintech participation, while emerging and developing markets represent 45%, reflecting a gradual narrowing of the digital finance divide.

In OIC countries, the digital transformation of the Islamic Financial Services Industry presents both significant opportunities and emerging challenges. In response to the expansion of Islamic fintech activities—such as equity crowdfunding, peer-to-peer financing, and alternative intermediation channels—regulatory authorities in several jurisdictions have strengthened Shariah governance frameworks, enhanced disclosure requirements, and implemented regulatory sandboxes. At the same time, the gradual emergence of Shariah-compliant crypto-asset-related activities and other technology-driven solutions underscore the need for transparent standards, robust governance arrangements, and coordinated supervisory approaches across jurisdictions (IFSB, 2025).

Figure 1.24: Geographical Distribution of Global Fintech Activity, 2024

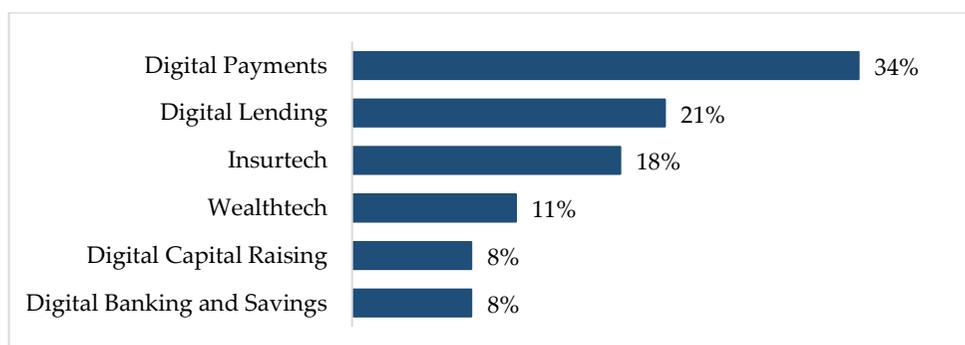


Source: World Economic Forum (2024) Report.

The composition of the global fintech industry varies significantly across business models, reflecting diverse technological applications and consumer preferences. According to the World Economic Forum (2024), digital payments account for the largest share of fintech activity, representing 34% of total responses. This segment continues to drive financial inclusion and e-commerce integration, particularly in emerging markets where mobile penetration and digital wallets are expanding rapidly.

Digital lending ranks second with 21%, serving as a key enabler for micro, small, and medium-sized enterprises that face limited access to conventional financing. Insurtech follows at 18%, driven by innovations in online policy issuance, claims automation, and the introduction of micro-takaful solutions in OIC countries. Wealthtech represents 11%, indicating the gradual digitalization of investment and portfolio management, while digital banking and savings and digital capital raising each account for 8%, reflecting early-stage development in these verticals (Figure 1.25).

Figure 1.25: Distribution of Fintechs by Business Model, 2024



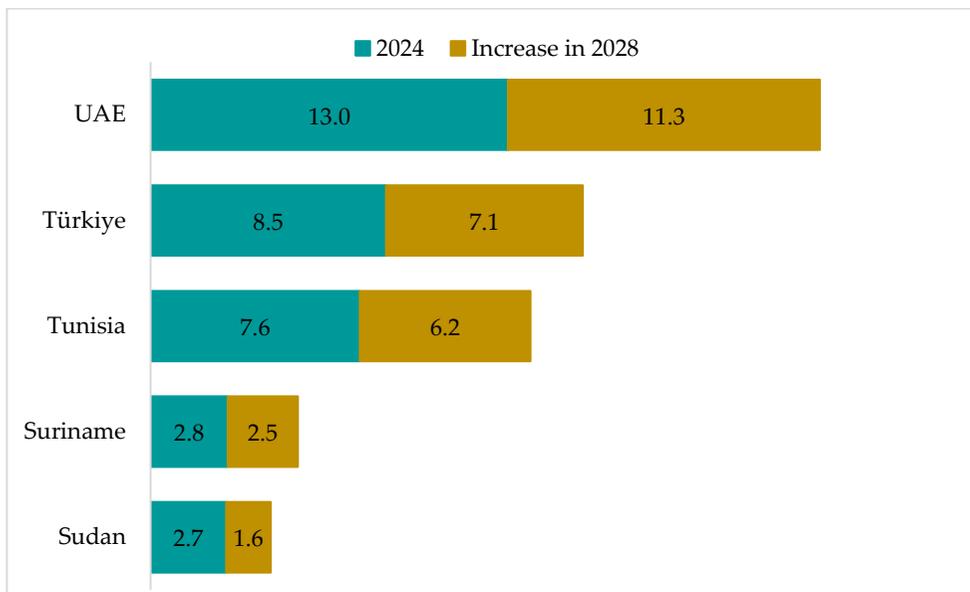
Source: World Economic Forum (2024)

The dominance of digital payments and lending highlights a global trend toward transaction-based and credit-driven models. However, the relatively lower shares of wealthtech and digital capital raising suggest untapped potential in the integration of Islamic investment, crowdfunding, and savings products. These segments are likely to gain traction as regulatory frameworks mature and consumer awareness of Shariah-compliant fintech solutions increases.

The Islamic fintech industry continues to expand across OIC countries, supported by increasing digitalization, financial inclusion initiatives, and growing demand for Shariah-compliant financial solutions.

Figure 1.26 illustrates transaction volumes of the Islamic fintech market for selected OIC countries in 2024, along with projected increases by 2028 (US\$ billion). The United Arab Emirates records the highest transaction volume at US\$13.0 billion in 2024, with a projected increase of US\$11.3 billion by 2028, reflecting the country's mature digital infrastructure, supportive fintech regulations, and high consumer adoption of Shariah-compliant financial solutions.

Figure 1.26: Top Five OIC Countries by Islamic Fintech Transaction Volumes (US\$ Billion)



Source : Global Islamic Fintech Report (2025)

Türkiye exhibits significant growth potential, with transaction volumes of US\$8.5 billion in 2024 which is expected to increase by US\$7.1 billion by 2028. The expansion is supported by strong domestic demand for digital banking and payment solutions, coupled with regulatory initiatives promoting fintech development.

Tunisia's transaction volumes of US\$7.6 billion in 2024, projected to grow by US\$6.2 billion by 2028, indicate the scaling of fintech adoption in smaller North African

economies, driven by smartphone penetration, SME-focused financial services, and financial inclusion policies.

According to Global Islamic Fintech Report (2024/25), smaller markets, such as Suriname (US\$2.8 billion in 2024) and Sudan (US\$2.7 billion), demonstrate steady expansion despite structural and infrastructural constraints. Suriname benefits from targeted digital finance initiatives and cross-border fintech investment, while Sudan's growth is shaped by ongoing financial reforms and mobile banking adoption amid economic challenges. Other emerging OIC markets also show encouraging momentum: Albania (US\$1.6 billion) and Algeria (US\$2.7 billion) continue to build their Islamic finance infrastructure, while Bahrain (US\$4.3 billion) and Bangladesh (US\$15.1 billion) record moderate growth supported by active Islamic banking sectors. Brunei (US\$18.4 billion) and Cameroon (US\$19.8 billion) are gradually expanding participation through policy alignment and financial innovation. Egypt (US\$27.8 billion) and Iran (US\$80.8 billion) show renewed interest from investors, whereas Iraq (US\$85.7 billion), Jordan (US\$96.4 billion), and Kuwait (US\$183.7 billion) demonstrate improving market depth. Meanwhile, Kyrgyzstan (US\$193.8 billion), Lebanon (US\$205.2 billion), Morocco (US\$338.7 billion), Nigeria (US\$356.8 billion), and Senegal (US\$1.69 trillion) reflect the growing breadth and diversity of Islamic finance across OIC jurisdictions.

Artificial Intelligence in Islamic Fintech

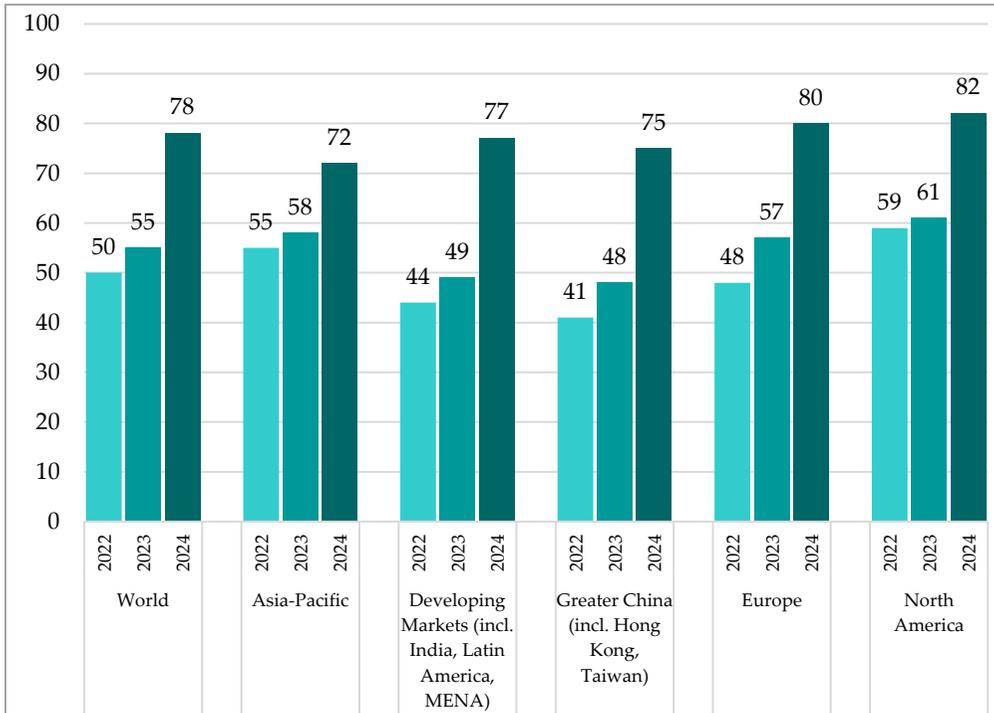
Artificial Intelligence (AI) has emerged as a transformative force across industries, reshaping economic structures, business models, and service delivery worldwide. In the financial sector, AI stands at the forefront of innovation, driving greater efficiency, accuracy, and inclusiveness in financial services. AI adoption continues to expand globally as organizations increasingly integrate AI technologies into their operations, product development, and decision-making processes. According to the recent Stanford University AI Index reports, adoption rates varied across regions, reflecting differences in digital readiness and investment capacity (Stanford University, 2024 & 2025).

Global AI adoption among organizations has risen markedly in recent years. In 2024, survey respondents across all regions reported higher levels of AI use compared with 2023. At the global level, AI adoption increased by 23 percentage points, from 55% in 2023 to 78% in 2024. The most pronounced year-on-year growth was observed in developing markets (including India, Latin America, and the MENA region) and in Greater China, where organizational AI adoption increased by 28 and 27 percentage points, reaching 77% and 75%, respectively, between 2023 and 2024. North America remains the leading region in AI use (82%), followed by Europe (80%), while adoption levels in the Asia-Pacific region remain comparatively lower (Figure 1.27).

For OIC countries, the rising AI adoption rates observed in the MENA region indicate a growing opportunity to harness digital transformation and innovation to advance economic diversification and competitiveness. As many OIC economies continue investing in digital infrastructure, skills, and regulatory frameworks, the adoption of AI

solutions could further strengthen productivity, efficiency, and sustainable growth across key sectors. Within this broader transformation, the financial services industry stands out as one of the earliest and most active adopters of AI technologies, reflecting its strong potential to drive innovation and inclusion across OIC economies.

Figure 1.27: AI Adoption by Organizations Worldwide (%)

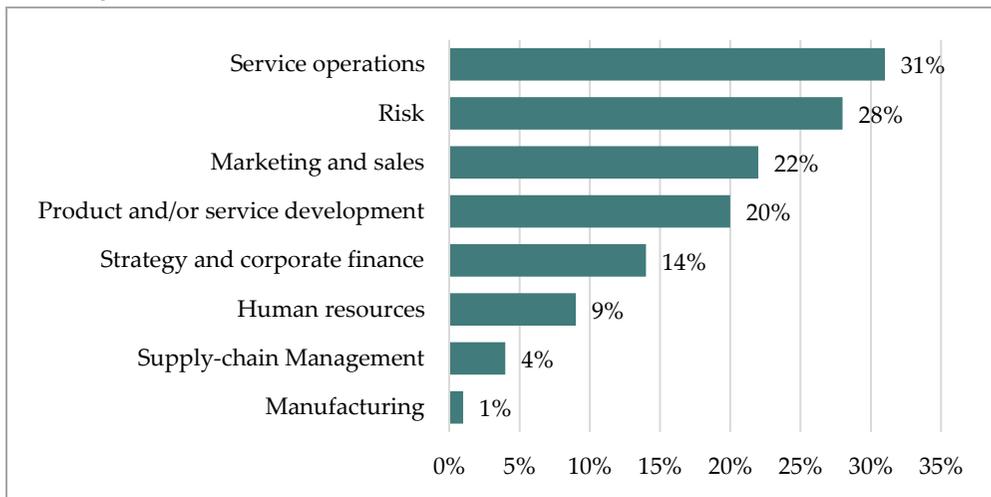


Source: Stanford University, AI Index Report, (2024 & 2025)

AI adoption within the financial services sector varies significantly across operational functions, reflecting diverse levels of digital integration and strategic focus. According to the latest estimates, service operations recorded the highest adoption rate at 31%, followed by risk management at 28% and marketing activities at 22%. Product development and corporate finance functions reported moderate adoption levels at 20% and 14%, respectively, while human resources (9%), supply chain (4%), and manufacturing (1%) remained at comparatively lower levels (Figure 1.28).

The data indicates that financial institutions are prioritizing AI deployment in customer-facing and risk-related processes where automation and predictive analytics generate immediate value. These functions often yield measurable efficiency gains and enhance decision-making accuracy, which supports broader goals of financial stability and innovation.

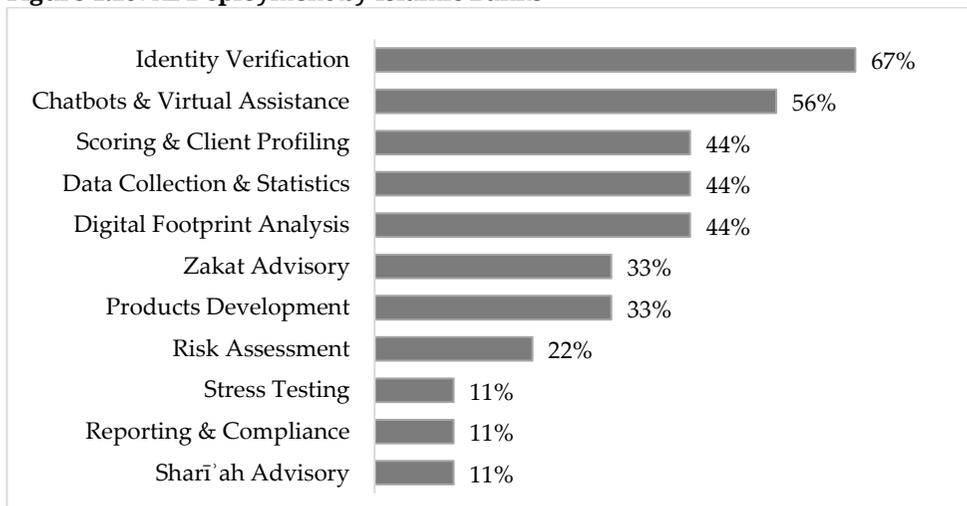
Figure 1.28: Functional Distribution of AI Adoption in the Financial Services Industry, 2023



Source: Stanford University, AI Index Report (2024).

For OIC countries, the growing integration of AI in financial services represents a major opportunity to advance financial inclusion, operational efficiency, and Shariah-compliant innovation. As many OIC economies continue developing digital finance ecosystems, targeted AI adoption in service operations, risk management, and marketing could strengthen the competitiveness of Islamic financial institutions and improve customer experience across emerging markets. Recent evidence confirms that this shift is already underway within the Islamic finance industry, where AI applications are increasingly embedded into key operational processes.

Figure 1.29: AI Deployment by Islamic Banks



Source: IFSB (2024)

According to the Islamic Financial Services Board (IFSB, 2024), Islamic banks are increasingly deploying AI across diverse operational areas (Figure 1.29). The most prominent application is identity verification, adopted by 67% of surveyed institutions. The high uptake reflects the sector's focus on strengthening know-your-customer (KYC) and anti-money laundering (AML) frameworks through automated, secure, and Shariah-compliant digital solutions.

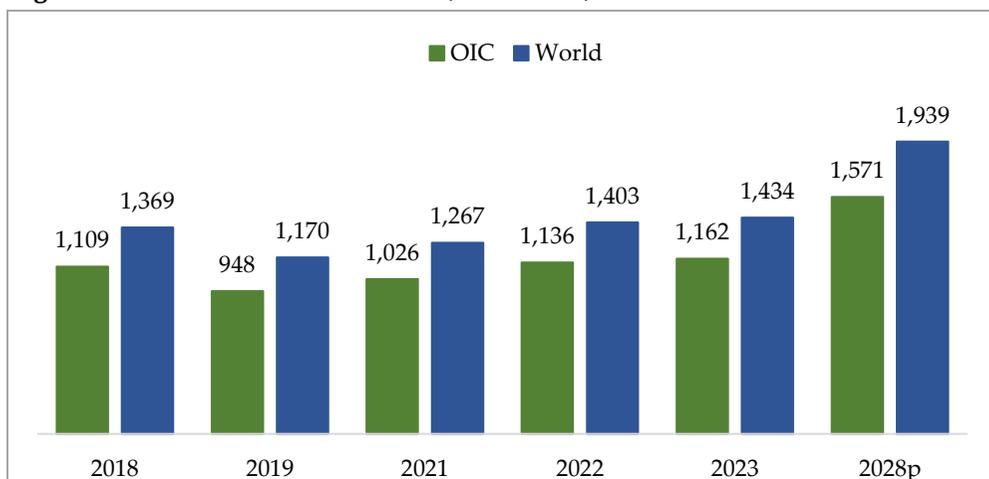
AI-driven chatbots and virtual assistance tools are the second most common application, adopted by 56% of banks, enhancing customer interaction while reducing operational costs. Other notable uses include scoring and client profiling, data collection and statistics, and digital footprint analysis, each adopted by around 44%, highlighting the growing reliance on data analytics to improve decision-making and product personalization.

Meanwhile, areas such as Zakat advisory and product development, adopted by 33% of banks, demonstrate the expanding use of AI to create customized Shariah-compliant financial products and to improve social finance operations. However, AI applications remain relatively limited in risk assessment (22%), stress testing, reporting and compliance, and Shariah advisory, each at around 11%, indicating untapped potential for automation in governance and prudential oversight.

The findings reveal a gradual but strategic integration of AI into Islamic banking, with the focus so far on customer-facing and data-driven applications rather than regulatory or advisory functions. Going forward, strengthening technical capacities and developing Shariah-aligned AI governance frameworks will be crucial to ensure ethical, secure, and inclusive digital transformation in the Islamic finance ecosystem.

1.6.2 *Halal Food Market*

The Halal food industry is emerging as a critical link between Muslim consumer markets and global agri-food trade. Expanding cross-border certification frameworks, strategic partnerships, and digital traceability solutions are enabling Halal products to reach mainstream retail channels and strengthen their position in international food value chains.

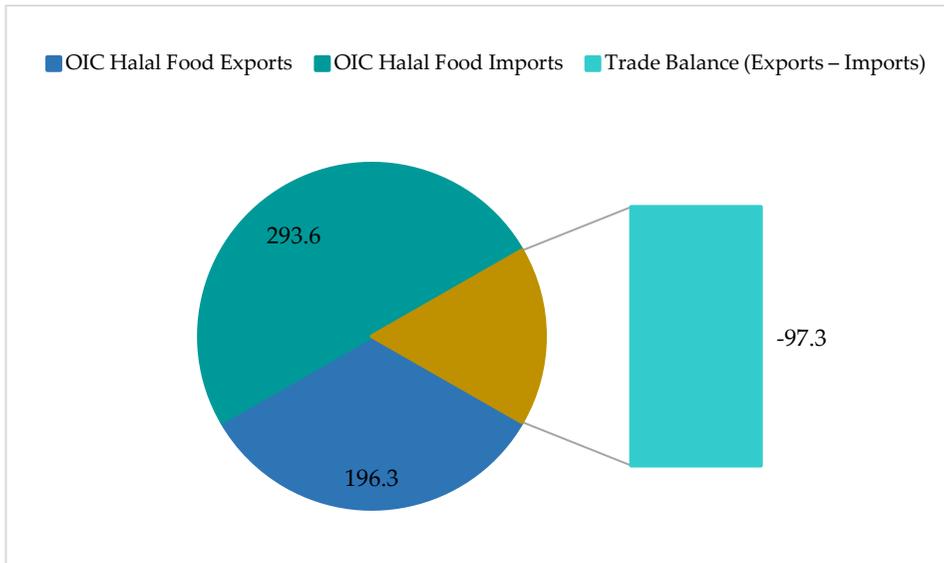
Figure 1.30: Halal Food Market Size (US\$ Billion)

Source: Data adapted from Dinar Standard, State of the Global Islamic Economy Report (2018/2019–2024/2025 editions). Note: P denotes projections

According to recent estimates, global Muslim expenditure on Halal food was estimated at US\$1,434 Billion in 2023 and is projected to reach US\$1,939 Billion by 2028, reflecting a CAGR of 6.2 %.

In the OIC region, Halal food expenditure has such similar upward trend but remains concentrated on the consumption side of the value chain. OIC countries' total Halal food spending increased from about US\$1,136 Billion in 2022 to US\$1,162 Billion in 2023 and is projected to reach US\$1,570 Billion by 2028 (Figure, 1.30).

Relative to global trends, the OIC's consumption base remains high, while its participation in global Halal exports is modest, highlighting a structural imbalance and missed opportunities for value creation. This imbalance is clearly reflected in Halal food trade, a critical pillar of the global Islamic economy. In 2023, OIC Halal food exports amounted to US\$196.3 billion, compared with imports of US\$293.6 billion, resulting in a trade deficit of approximately US\$97.3 billion (Figure, 1.31). These estimates point to a persistent gap between production and consumption in the OIC Halal food market. Despite accounting for the majority of global Halal food expenditure, most OIC countries remain dependent on imports from non-OIC suppliers, reflecting limited domestic processing capacity, fragmented supply chains, and uneven Halal certification systems. The dependency underscores the need for coordinated efforts to enhance food security, develop agri-food industries, and strengthen intra-OIC trade integration. Strategic investments in Halal certification infrastructure, logistics, and technology adoption would improve competitiveness and reduce the structural trade deficit.

Figure 1.31: OIC Halal Food Trade, 2023 (US\$ Billion)

Source: DinarStandard report (2024).

1.6.3 Halal Tourism

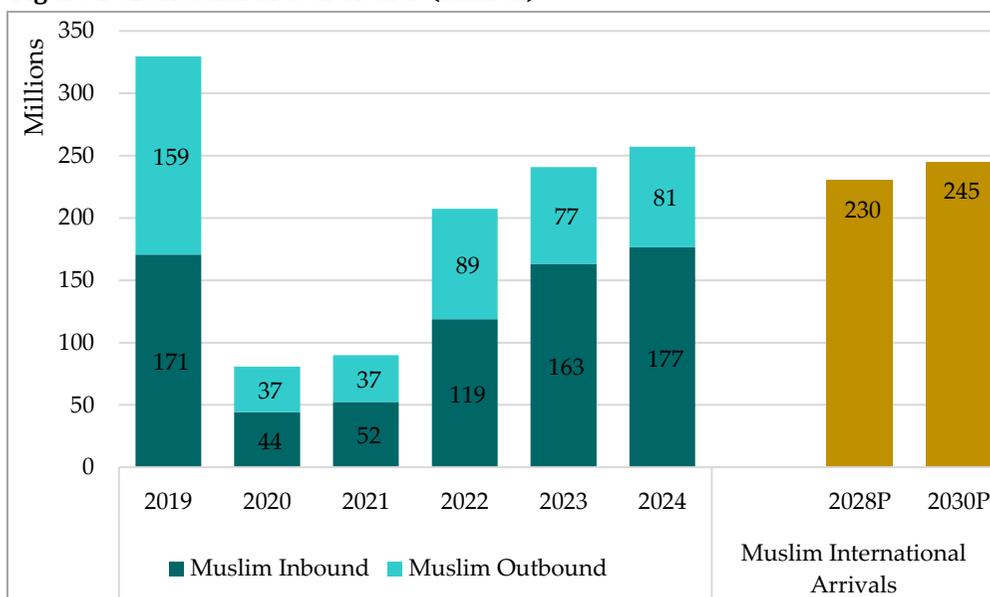
In recent years, Halal tourism has emerged as one of the fastest-growing segments of the global travel industry, reflecting the rising purchasing power and lifestyle preferences of Muslim consumers. Uses variety of terms such as Muslim friendly tourism, Islamic tourism, Halal tourism or Sharia'h tourism. It refers to the activities of Muslim travellers who do not wish to compromise their faith-based needs while traveling for permissible purposes or travel and hospitality services designed to meet the faith-based needs of Muslim travellers, in accordance with Islamic principles (COMCEC, 2016). It encompasses a wide range of components, including Halal hotels, Halal transport services, Halal food premises, Halal tour packages, and Halal finance, which together support a fully Shariah-compliant travel experience.

In this regard, OIC countries increasingly recognize Halal tourism as a strategic driver for economic diversification, inclusive growth, cultural exchange, and job creation, while also enhancing their competitiveness in the global tourism market. The post-pandemic recovery has further accelerated demand for destinations that provide Halal-friendly infrastructure, digital services, and inclusive experiences. This section presents key indicators of Halal tourism in OIC countries, with a focus on Muslim inbound and outbound travel flows and performance trends.

Muslim inbound and outbound travel has expanded steadily in recent years, driven by improved global connectivity and the growing availability of Halal-friendly tourism infrastructure. In 2024, Muslim inbound arrivals reached an estimated 177 million, while Muslim outbound travel accounted for approximately 81 million trips, reflecting the continued recovery and expansion of the global travel sector (Figure 1.32).

Projections from the Global Muslim Travel Index (GMTI) indicate that the number of Muslim visitors is expected to rise to 230 million by 2028 and further to 245 million by 2030, demonstrating the sustained growth potential of the Muslim travel market (GMTI, 2025).

Figure 1.32: Muslim Travel Trends (Million)



Source: CrescentRating’s Modelling of UN Tourism Data, World Tourism Data and Countries Statistics

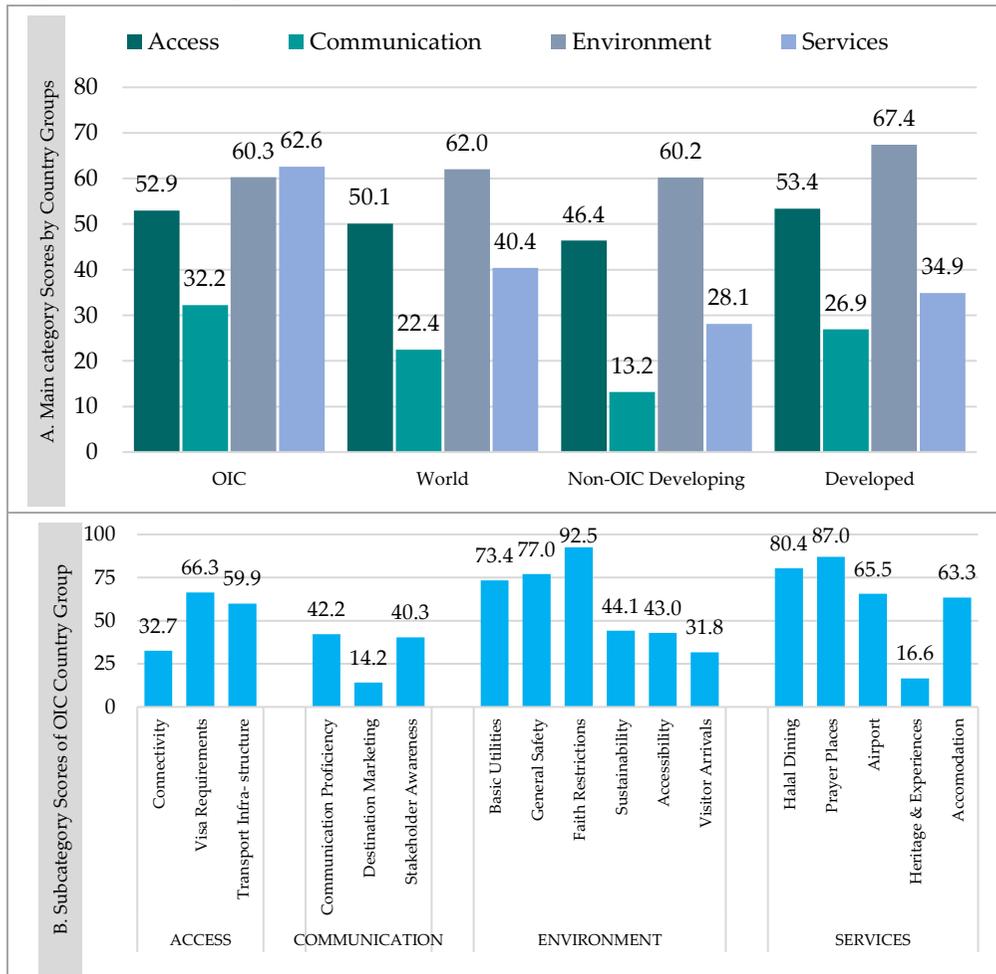
This expansion is also reflected in strong growth in Muslim consumer spending on outbound travel. In 2023, outbound travel expenditure by Muslim travellers increased by 43.2%, reaching US\$217 billion, up from US\$151 billion in 2022. Saudi Arabia, Malaysia, and United Arab Emirates emerged as the top three source markets in terms of spending. By 2028, Muslim travel spending is projected to reach US\$384 billion, corresponding to a CAGR of 12.1% (DinarStandard, 2025). This trend highlights significant opportunities for OIC destinations to attract high-value travellers by further investing in Halal tourism services, infrastructure, and tailored travel experiences.

To assess how well destinations cater to the needs Muslim travellers, the GMTI serves as a key benchmarking tool. It evaluates countries across four dimensions namely; access, communication, environment, and services, thereby providing a standardized and comparative measure of destination readiness and competitiveness in the global Halal tourism market.

Building on the GMTI framework, the average scores for 2025 reveal remarkable differences in destination performance across the four key dimensions namely; access, communication, environment, and services: each capturing critical aspects of readiness for Muslim travellers. Specifically, access reflects connectivity, visa requirements, and

transport infrastructure; communication covers communication proficiency, destination marketing, and stakeholder awareness; environment encompasses basic utilities, general safety, faith-related restrictions, sustainability, accessibility, and visitor arrivals; while services assess the availability of Halal dining, prayer facilities, airport services, heritage and experiential offerings, and accommodation.

Figure 1.33: Average Global Muslim Travel Index Scores, 2024



Source: Mastercard-Crescentrating, 2025 GMTI Report.

Overall, OIC countries exhibit a comparatively well-developed performance profile, particularly in services (62.6) and environment (60.3) (Figure 1.33A). These outcomes reflect the widespread availability of Halal dining options, prayer facilities, faith-sensitive services, and supportive travel environments across many OIC destinations. The OIC average scores in services significantly exceed the world, non-OIC developing, and developed countries averages, highlighting a clear advantage in meeting the core

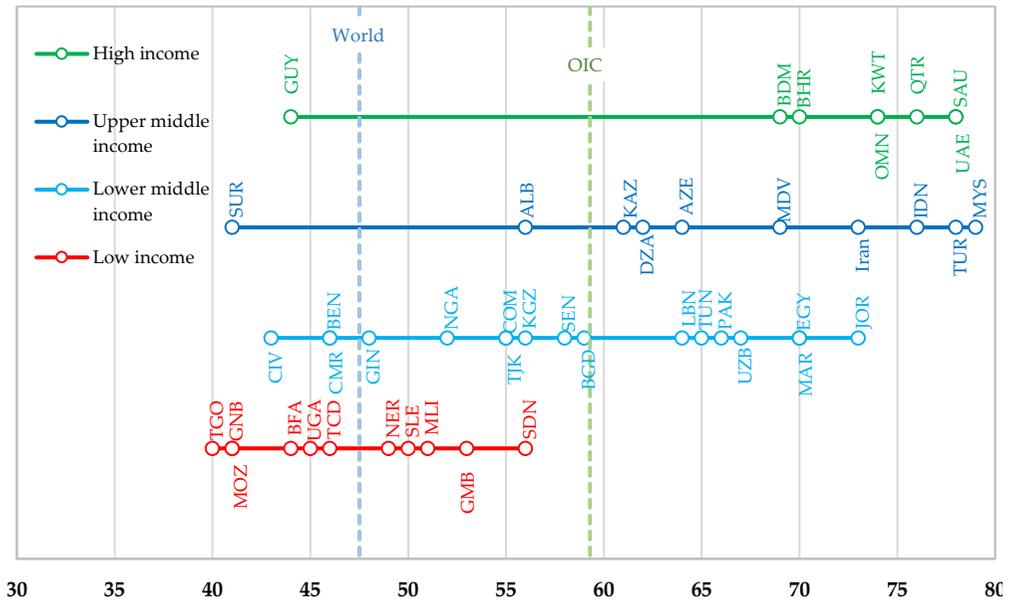
religious and lifestyle requirements of Muslim travellers. This performance suggests that OIC destinations remain particularly well positioned in delivering the essential components of Halal tourism.

Performance across the other dimensions is more uneven, for instance access scores for OIC countries (52.9) are broadly comparable to those of developed countries (53.4) and exceed both the world average (50.1) and non-OIC developing countries (46.4), indicating relatively adequate connectivity and transport infrastructure. Communication remains a weaker area, with OIC countries scoring 32.2, although still outperforming the world average (22.4) and non-OIC developing countries (13.2). By contrast, developed countries lead in environment (67.4), reflecting strengths in safety and infrastructure, but lag behind OIC destinations in services (34.9), and suggesting limited alignment with Halal-specific needs (Figure 1.33A).

Under the individual GMTI framework subcategories, OIC countries demonstrate a comparatively well-developed performance in enabling services- and environment-related areas. In particular, OIC destinations scored above 50 points in faith restrictions, prayer places, Halal dining, general safety, basic utilities, visa requirements, airports, accommodation, and transport infrastructure. Performance was particularly notable in faith restrictions (92.5), prayer places (87.0), and Halal dining (80.4), reflecting a highly supportive environment for Muslim travellers. However, notable gaps remain in demand- and experience-oriented subcategories, including destination marketing, heritage & experiences, visitor arrivals, connectivity, stakeholder awareness, communication proficiency, accessibility, and sustainability, all of which recorded scores below 50 points (Figure 1.33B). While the OIC's average GMTI score points to moderate readiness for Halal tourism, a closer country-level analysis reveals marked disparities across income groups. High-income and upper-middle-income OIC countries dominate the top global rankings, with destinations such as Malaysia, Türkiye, Saudi Arabia, United Arab Emirates, Indonesia, Qatar, Oman, Kuwait, Jordan, and Iran consistently featuring among the global top ten. This pattern reflects more advanced tourism infrastructure, well-developed Halal services, and targeted policies aimed at attracting Muslim travellers.

Malaysia reclaimed first place in 2025, while other OIC countries, Türkiye, Saudi Arabia, and United Arab Emirates, ranked second, third, and fourth, respectively. Their strong positions reflect differentiated yet complementary advantages, including improved connectivity, enhanced religious accommodations, and diversified tourism offerings tailored to the needs of Muslim travellers. In contrast, many low-income OIC countries, particularly in Africa, continue to rank at the lower end of the index. Countries such as Gabon, Togo, Guinea-Bissau, Mozambique, Côte d'Ivoire, Burkina Faso, Uganda, Benin, Cameroon, Chad, Guinea, and Niger remain in the early stages of developing Halal-friendly tourism ecosystems, with constraints related to infrastructure, service provision, and destination marketing (Figure 1.34).

Figure 1.34: GMTI Scores by Individual OIC Country, (2025)

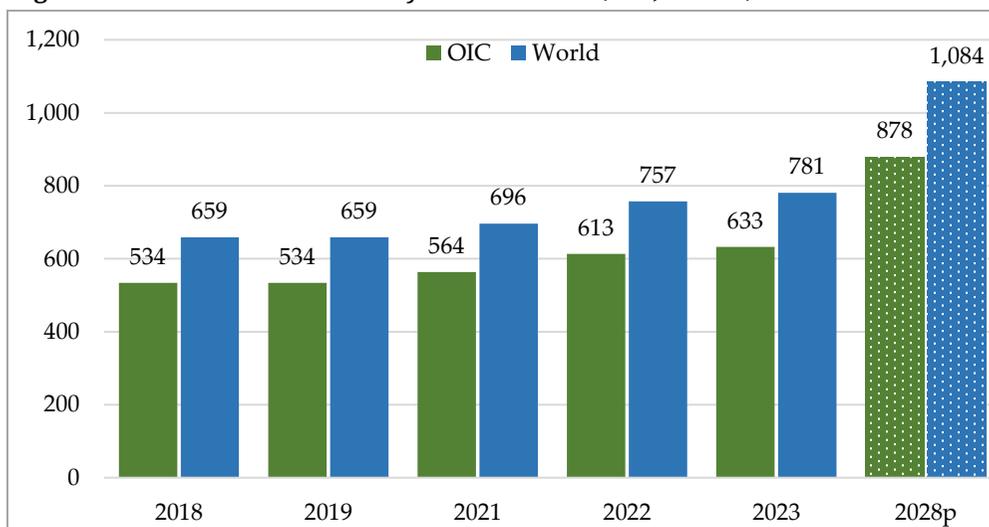


Source: Mastercard and CrescentRating (2025).

1.6.4 Islamic Lifestyle Market

The Halal sector has expanded its presence in the global lifestyle market alongside the continued growth of the global Muslim population. The Islamic lifestyle industry encompasses a range of sectors, including modest fashion, Muslim-friendly travel, Halal pharmaceuticals and cosmetics, as well as Islamic media and recreational activities. In recent years, the Islamic lifestyle has become an integral component of the broader Halal industry, driven not only by religious considerations but also by increasing awareness of the sector’s high standards of safety, quality, and ethical values.

Excluding Muslim consumer spending on Muslim-friendly travel, the global Islamic lifestyle market reached an estimated US\$ 781 billion in 2023 and is projected to expand to US\$ 1,084 billion by 2028. This growth reflects rising consumer demand in both Muslim-majority and international markets, driven by an increasingly enabling environment for Halal and ethical consumption, as well as rising disposable incomes. Within OIC countries, the market stood at US\$ 633 billion in 2023, up from US\$ 613 billion in 2022, and is projected to reach US\$ 878 billion by 2028 (Figure, 1.35). This steady increase underscores the sector’s resilience and its growing economic significance within member states. Larger OIC economies such as Indonesia, Türkiye, and Saudi Arabia dominate both consumption and production, whereas smaller OIC economies exhibit variable participation, often influenced by differences in market infrastructure and Halal certification adoption.

Figure 1.35: Global Islamic Lifestyle Market Size (US\$, Billion)

Source: Data adapted from Dinar Standard, State of the Global Islamic Economy Report (2018/2019–2024/2025 editions). Note: P denotes projections.

Breaking down the total market, key segments show varied growth patterns across its key segments, reflecting evolving consumer preferences and industry dynamics. Modest fashion is the largest segment, reaching US\$ 327 billion in 2023, up from US\$ 318 billion in 2022, and is projected to grow to US\$ 433 billion by 2028. Media and recreation, which stood at US\$ 260 billion in 2023 is also expected to US\$337 billion in 2028. Halal pharmaceuticals slightly declined from US\$108 billion in 2022 to US\$ 107 billion in 2023, with projections indicating growth to US\$ 149 billion. Halal cosmetics, while smaller in size, grew consistently from US\$ 84 billion in 2022 to US\$ 87 billion in 2023, and are expected to reach US\$ 118 billion by 2028 (Figure, 1.36).

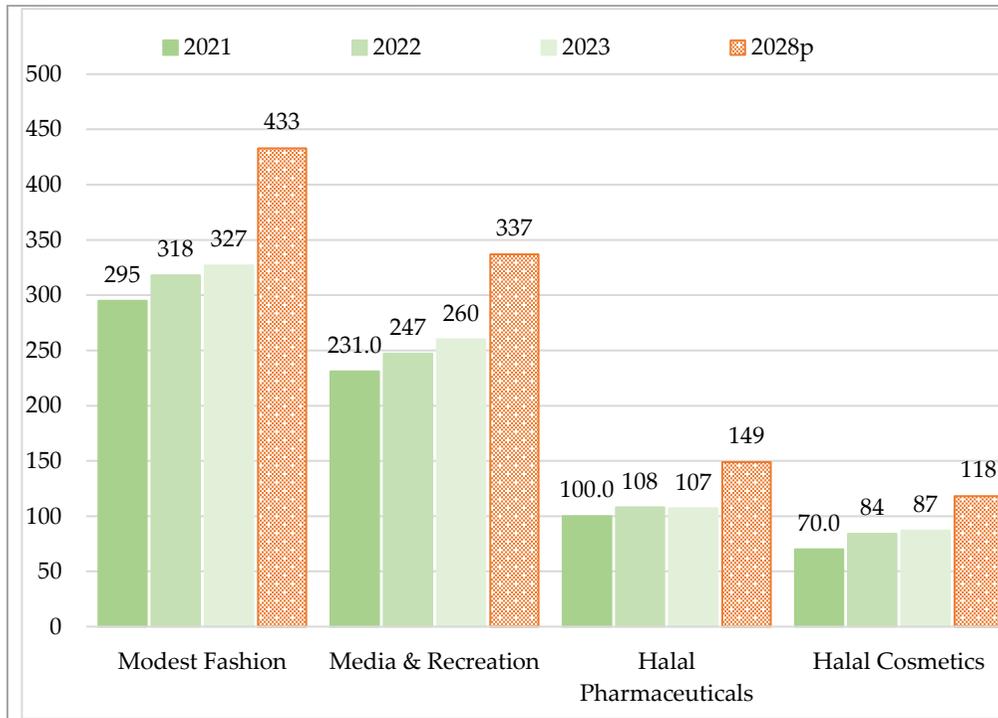
These patterns highlight the predominance of modest fashion within the Islamic lifestyle market, followed by media and recreation, pharmaceuticals, and cosmetics. The steady growth in pharmaceuticals and cosmetics indicates structural expansion supported by innovation and regulatory frameworks.

Overall, the Islamic lifestyle market presents substantial opportunities for investment, product diversification, and intra-OIC trade. Policymakers and industry actors can leverage these trends to promote sector development, enhance Halal certification standards, and strengthen supply chains, ensuring that growth remains sustainable and inclusive across OIC countries.

Following global growth trends, OIC countries have also experienced significant expansion in Islamic lifestyle imports across key segments, reflecting both rising domestic demand and integration into the global Halal economy. In 2023, OIC countries imported US\$ 49.4 billion worth of Halal pharmaceuticals, US\$ 44.15 billion of modest fashion products, and US\$ 20.62 billion of Halal cosmetics. These imports are projected

to grow substantially by 2028, with pharmaceuticals reaching US\$ 69.79 billion, modest fashion US\$ 63.83 billion, and cosmetics US\$ 32.47 billion (Figure 1.37). The growth rates for 2023–2028 indicate continued demand across all segments, with pharmaceuticals and modest fashion leading in both absolute value and growth potential.

Figure 1.36: Global Islamic Lifestyle Market Size (US\$, Billion)

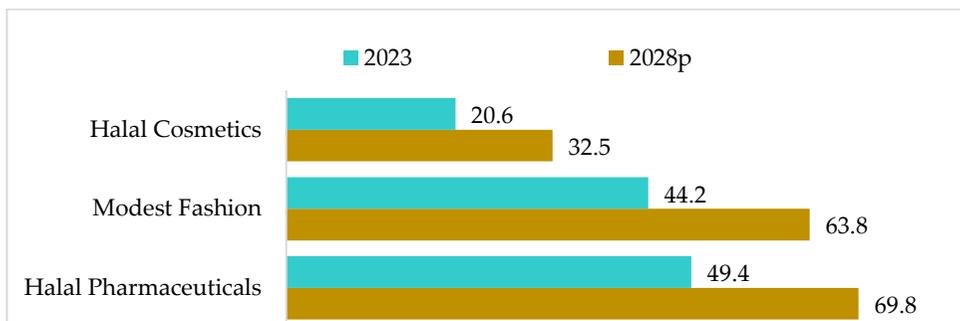


Source: Data adapted from Dinar Standard, State of the Global Islamic Economy Report (2018/2019–2024/2025 editions). Note: P denotes projections.

The prominence of pharmaceuticals reflects increasing healthcare needs within OIC countries, driven by population growth, rising incomes, and greater demand for quality healthcare products. Modest fashion maintains high import levels, highlighting the region’s cultural and consumer orientation toward ethical and modest apparel, while Halal cosmetics exhibit steady growth as lifestyle consumption and awareness expand.

OIC countries may benefit from enhancing intra-OIC trade, improving regulatory harmonization, and supporting local manufacturing to reduce dependency on external suppliers while ensuring compliance with Halal standards. The projected expansion across all three segments signals that Halal-focused imports will continue to play a critical role in shaping the economic and social development of the Islamic lifestyle sector.

Figure 1.37: OIC Halal Imports and Growth by Segment (US\$, Billion)

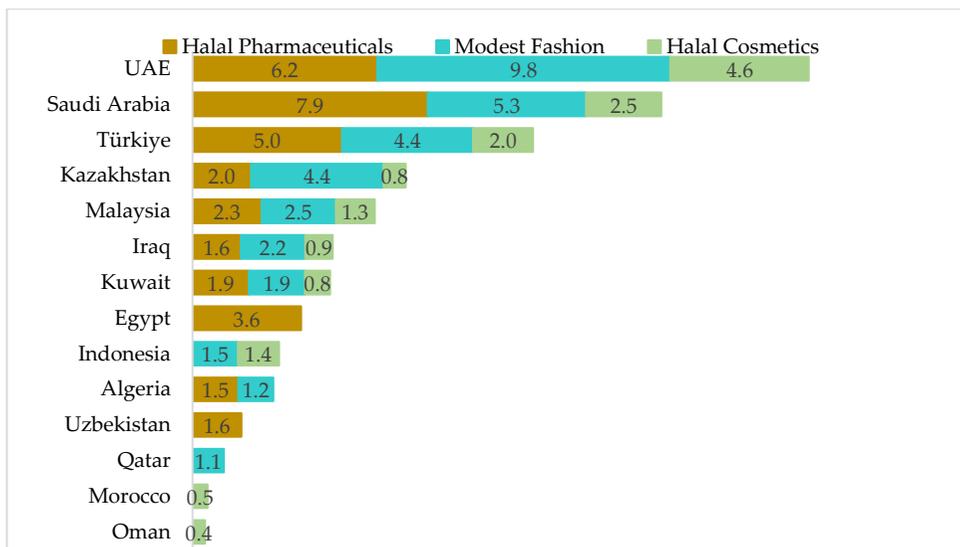


Source: DinarStandard (2024/25). Note p indicates projection

The level of Halal imports varies widely in OIC countries in 2023, with United Arab Emirates leading with total imports of US\$ 20.6 billion, comprising US\$ 6.2 billion in Halal pharmaceuticals, US\$ 9.8 billion in modest fashion, and US\$ 4.6 billion in Halal cosmetics. Saudi Arabia follows with US\$ 15.7 billion in total imports, including US\$ 7.9 billion in pharmaceuticals, US\$ 5.3 billion in fashion, and US\$ 2.5 billion in cosmetics. Türkiye and Kazakhstan also rank among the top importers, with total import values of US\$ 11.4 billion and US\$ 7.1 billion, respectively, reflecting strong demand across all three segments.

Other countries display more moderate or specialized import activity. Malaysia, Kuwait, and Iraq record combined segment imports of US\$ 6.1 billion, US\$ 4.6 billion, and US\$ 4.7 billion, respectively.

Figure 1.38: Halal Import Trade Across OIC Countries: Top Importers by Segment, 2023 (US\$ Billion)



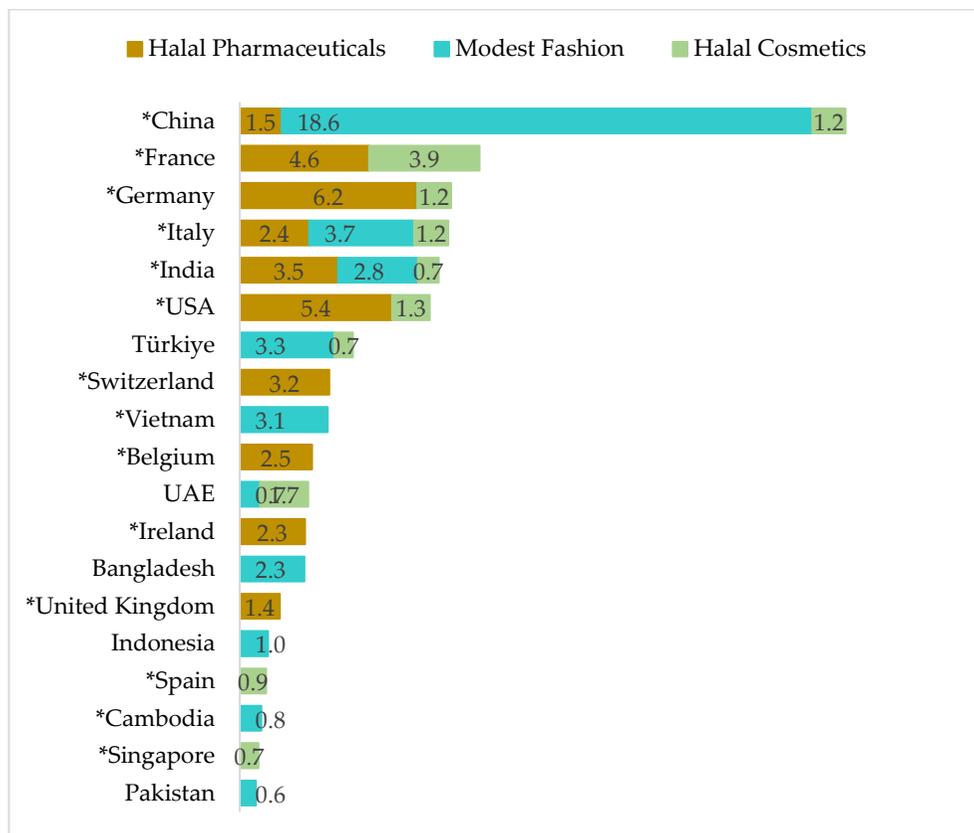
Source: DinarStandard(2024/25)

Egypt's imports are concentrated in pharmaceuticals (US\$ 3.6 billion), while Indonesia imports mainly modest fashion (US\$ 1.5 billion) and cosmetics (US\$ 1.4 billion). Smaller but notable import volumes are observed in Algeria, Uzbekistan, and Qatar, whereas Oman and Morocco report minimal activity, primarily in cosmetics and fashion (Figure 1.38).

The rising demand for Halal pharmaceuticals, modest fashion, and cosmetics in OIC countries is supported by a diverse network of global suppliers, including both non-OIC and intra-OIC exporters.

In 2023, the top exporters to OIC countries across key Halal segments highlight the global reach and diversity of suppliers in pharmaceuticals, modest fashion, and cosmetics. Fashion (US\$ 18.64 billion), alongside smaller contributions in pharmaceuticals (US\$ 1.48 billion) and cosmetics (US\$ 1.17 billion). China leads overall, with total exports to OIC countries valued at US\$ 21.29 billion, driven primarily by modest fashion. Other major suppliers include France, Germany, Italy, and India, with total exports of US\$ 8.43 billion, 7.43, 7.33, and 6.99, respectively, reflecting their diversified strengths across pharmaceuticals, modest fashion, and cosmetics.

Figure 1.39: Top Halal Exporters to OIC by Segment (US Billion, 2023)



Source: DinarStandard, 2024/25 Report. Note: * indicates non-OIC countries.

In the pharmaceuticals segment, Germany (US\$ 6.24 billion), USA (US\$ 5.36 billion), and France (US\$ 4.55 billion) dominate, indicating their established role in supplying high-value medical and healthcare products. For modest fashion, China's overwhelming share is complemented by Italy (US\$ 3.69 billion) and India (US\$ 2.80 billion), showing competitive advantages in apparel and textiles. Cosmetics exports are led by France (US\$ 3.88 billion), the USA (US\$ 1.32 billion), and Türkiye (US\$ 0.65 billion), reflecting brand presence and product specialization in this segment (Figure 1.39).

Several OIC countries, such as United Arab Emirates and Türkiye, also contribute to intra-OIC trade. The United Arab Emirates exported US\$ 2.41 billion in total, including US\$ 1.70 billion in modest fashion, while Türkiye supplied US\$ 3.98 billion, spanning both pharmaceuticals and fashion. Smaller exporters like Pakistan, Bangladesh, Indonesia, Singapore, and Cambodia play niche roles, primarily in single segments, adding depth to the global supply network.

The export distribution illustrates the strategic importance of diversified sourcing for OIC countries, where leading non-OIC exporters dominate high-value sectors, while intra-OIC trade complements and strengthens regional supply chains. Policymakers and trade stakeholders may leverage this insight to encourage greater regional production, enhance quality standards, and reduce dependency on a limited number of external suppliers.

2. INITIATIVES FOR HALAL INDUSTRY DEVELOPMENT

This section presents a concise review of selected policies and programmes developed and implemented by OIC countries and relevant OIC institutions to create a more enabling environment for the development of the Halal industry. It does not cover all ongoing initiatives but highlights a few illustrative examples that reflect the breadth and diversity of efforts across the OIC region. At the national level, notable initiatives and successful policies are presented across key sectors such as Islamic finance, Halal food, Halal tourism, and Islamic lifestyle to inform and inspire policymakers. At the institutional level, the section features selected examples of the coordinated efforts of the OIC General Secretariat and key OIC institutions, including SMIIC, SESRIC, IsDB, ICDT, and COMCEC. These examples aim to promote the exchange of experiences, strengthen knowledge sharing, and foster enhanced intra-OIC cooperation for the advancement of the global Halal industry.

2.1 Islamic Finance Market

OIC countries have continued to advance significant efforts and initiatives aimed at strengthening their Islamic finance sectors and expanding its reach across multiple segments of the economy. In recent years, concerted national strategies have focused on enhancing regulatory frameworks, promoting financial inclusion, and integrating Shariah-compliant instruments into broader economic planning. Islamic banking remains the largest component of the industry, representing more than three-quarters of global Islamic financial assets, primarily concentrated in Iran, Malaysia, Saudi Arabia, and the United Arab Emirates. Parallel to this, OIC countries have actively developed the sukuk market as a key mechanism for infrastructure and development financing, offering a viable and asset-backed alternative to conventional debt instruments. The takaful sector has also expanded through supportive policy frameworks, promoting risk-sharing and social protection, while the emergence of Islamic non-bank financial institutions, such as jarrah (leasing), muḍarabah and musharakah (risk-sharing partnerships), and Islamic asset management firms—reflects broader efforts to diversify financial products and services.

Malaysia has undertaken comprehensive reforms to strengthen its Islamic finance ecosystem, notably through the Financial Services Act (Bank Negara Malaysia, 2013), which enhanced Shariah governance structures, delineated Islamic deposit-taking from investment activities, and reinforced the principles of risk-sharing. The country has also advanced the development of a holistic Halal ecosystem under the Halal Industry Masterplan 2.0, positioning Islamic finance as a key pillar of the Halal economy. Malaysia's sukuk market stands among the most developed globally, representing nearly 60% of its domestic debt market, reflecting the deep integration of Islamic financial instruments into national financing frameworks. To further ensure Shariah compliance and strengthen institutional coordination, Malaysia established a Sharia Advisory Council to oversee and standardize all sukuk issuances in line with nationally accepted Islamic principles. This institutional architecture has been complemented by

innovative Islamic liquidity management arrangements, notably the development of a deep Islamic interbank market and standardised Shariah-compliant collateralised funding frameworks, which are highlighted as a reference model in Box 1.

Box 1: Islamic Liquidity Management Experience of Malaysia

Malaysia's experience in developing an Islamic interbank market illustrates how well-designed liquidity management arrangements can support the smooth functioning of Islamic financial institutions. A key element of this experience has been the role of Bank Negara Malaysia (BNM) in facilitating access to Shariah-compliant liquidity management instruments and ensuring that these tools are aligned with market needs. An important step in this direction was the introduction of the Islamic Collateralised Funding Policy Document (ICF PD) in June 2024. This framework set out standardised rules for Islamic repurchase (repo) transactions within the Islamic Interbank Money Market (IIMM), offering clearer legal and operational guidance for collateralised short-term funding. Following its implementation, the volume of Islamic interbank repo transactions increased from MR 12.6 billion in 2023 to MR 42.6 billion in 2024, indicating wider use of these instruments and improved circulation of liquidity among Islamic financial institutions.

Market depth has also been supported through closer institutional coordination. Through the Islamic Financial Market Subcommittee (IFMC), BNM has promoted regular dialogue between regulators and market participants to identify liquidity constraints, facilitate market access, and improve trading activity. The IFMC has additionally contributed to the refinement of risk management practices and the gradual adoption of hedging tools, helping institutions better prepare for periods of market uncertainty.

Beyond domestic initiatives, BNM's engagement in Shariah coordination platforms and its cooperation with international institutions have helped advance mutual recognition of Shariah standards. This has supported cross-border market integration and contributed to smoother liquidity flows within the broader Islamic finance ecosystem.

Source: Adapted from Bank Negara Malaysia, Annual Report 2024;
<https://www.bnm.gov.my/ar2024>

In collaboration with the IsDB and the Dubai Islamic Economy Development Centre, the United Arab Emirates developed a unified global legal and legislative framework for the Islamic finance sector. The United Arab Emirates also strengthened its institutional infrastructure through the creation of the Higher Shariah Authority at the Central Bank, whose decisions are binding on Shariah supervisory committees of Islamic financial institutions, thereby ensuring consistency and compliance across the industry.

Indonesia has pursued integrated national roadmaps for Islamic banking, capital markets, and sustainable finance, aligning Islamic finance development with environmental and social objectives while linking zakat management to national financial systems. Pakistan has implemented a National Financial Inclusion Strategy that embeds Islamic finance within its broader development agenda, supported by a robust regulatory framework for microfinance and coordinated zakat distribution mechanisms (State Bank of Pakistan, 2024). These initiatives reflect the growing commitment of OIC countries to institutionalize Islamic finance, strengthen Shariah

compliance, and harness its potential as a tool for inclusive growth and sustainable economic development.

Other OIC countries have also introduced important reforms to reinforce Shariah governance and strengthen the institutional foundations of Islamic finance. The Central Bank of Kuwait established a Higher Committee of Shariah Supervision to enhance oversight and provide unified guidance for Islamic banking products and services. Türkiye has demonstrated strong commitment to advancing Islamic finance through its Participation Banking Strategy, which targeted an increase in the market share of participation banks from 5.2% in 2014 to 15% by 2025, supported by ongoing reforms in product diversification, Shariah governance, human capital development, and institutional coordination (Participation Banks Association of Türkiye, 2015). Saudi Arabian Monetary Authority issued a Shariah Corporate Governance Framework to standardize governance practices across Islamic financial institutions.

Beyond regulatory reforms, an increasing number of member countries are focusing on Islamic social finance, encompassing zakat, waqf, and şadaqat, as integral components of inclusive and ethical financial systems. These instruments are being progressively integrated into national financial frameworks to strengthen social protection and promote shared prosperity. Innovative models—such as waqf-based healthcare services, zakat-funded microcredit schemes, and micro Takaful programs—illustrate the growing potential of Islamic social finance to alleviate poverty, expand financial inclusion, and improve access to essential services. These initiatives highlight the region’s commitment to deepening Shariah governance, enhancing market integrity, and advancing the global competitiveness of Islamic finance.

At the international level, standard-setting and coordination in Islamic finance have been led by key institutions such as the AAOIFI, the IFSB, and the Islamic Research and Training Institutions. These organizations provide comprehensive guidance and standards across accounting, governance, risk management, and supervisory practices. AAOIFI, in particular, plays a central role in advancing Islamic finance globally by developing and promoting standards for Shariah compliance, accounting, auditing, governance, and ethics. As of January 2025, AAOIFI has issued 127 standards, including 59 on Shariah, 36 on accounting, 7 on auditing, 24 on governance, and 1 on ethics, which are adopted, adapted, or used as guidance in over 47 regulatory jurisdictions, including Bahrain, Indonesia, Türkiye, Pakistan, and the United Arab Emirates. By December 2024, AAOIFI had 188 institutional members and actively supported the sector through capacity building, advocacy, research, strategic collaborations, and international conferences and roundtables (AAOIFI, 2025). These efforts provide a globally recognized framework for governance, risk management, and Shariah compliance, contributing to the standardization, harmonization, and credibility of Islamic finance practices worldwide.

At the OIC level, SESRIC has played a central role in supporting Islamic finance development through data, research, and capacity-building initiatives. OICStat Database tracks a comprehensive set of indicators across sectors including Islamic Banking and Finance, covering total assets, total Shariah-compliant financing, sukuk holdings, number of Islamic banks,

domestic branch offices, ATMs, and employees. These indicators provide policymakers and regulators with critical insights into sector growth and performance. To strengthen human

capital, SESRIC organizes targeted capacity-building activities, international conferences, and Islamic Economics and Finance Summer Schools, equipping financial regulators, policymakers, and practitioners with technical knowledge of

Islamic finance principles, fostering academic research, and promoting collaboration across OIC countries. These initiatives enhance institutional competencies, support evidence-based policymaking, and contribute to the overall development of the Islamic finance ecosystem in the OIC region. The OICStat is freely accessible to researchers and policymakers and can be accessed through the link provided in Box 2 as well as via the SESRIC website.

The IsDB Group has operationalized a comprehensive strategic planning approach to advance Islamic finance across Member Countries. Islamic finance is positioned as a core pillar of the Group's 10-Year Strategic Framework (2026–2035), with two consecutive 5-Year Corporate Strategies guiding targeted implementation. Strategic initiatives focus on expanding Shariah-compliant financial solutions, including Islamic banking, takaful, sukuk, and digital finance, while integrating Islamic social finance instruments such as zakat and waqf to enhance social protection, financial inclusion, and resilience. Resilience-focused instruments, such as blended finance and inflation-protected sukuk, are part of planned interventions to mitigate economic volatility and strengthen debt sustainability, particularly in fragile economies. Capacity-building initiatives complement these efforts, strengthening institutional and human capital across OIC countries (IsDB, 2024). These initiatives highlight that the IsDB Group ensures a structured, phased, and high-impact approach to inclusive, ethical, and sustainable economic development.

Box 2: OIC Statistics Database (OICStat)



Available at: <https://oicstat.sesric.org/>

OIC forums provide critical platforms for experience-sharing, policy discussion, and technical cooperation to advance Islamic finance across Member Countries. COMCEC plays a central role, particularly through its Financial Cooperation Working Group, which facilitates capacity-building programs, and project finance. Innovation in investment instruments has also emerged from these forums, exemplified by the S&P/OIC COMCEC 50 Shariah Index, a Sharia-compliant investment benchmark covering 50 leading companies in OIC countries. The OIC-Central Bank Forum and the Capital Markets Regulators Forum provide additional mechanisms for regulatory collaboration, promoting the exchange of best practices, harmonization of financial standards, and discussion of cross-border investment opportunities.

2.4 Halal Food Market

The Halal food market is experiencing significant financial expansion in OIC countries, underpinned by national investment programs and strategic support from OIC institutions. Member countries are channelling capital into food manufacturing, agri-tech, and food security initiatives to enhance self-sufficiency and reduce import dependency. Muslim consumer food expenditure reached US\$ 1.43 trillion in 2023 and is projected to reach US\$ 1.94 trillion by 2028, reflecting strong intra-OIC demand growth.

The OIC institutions such as IsDB plays a pivotal role in mobilizing resources for food security and resilience, as seen in its financing of integrated agricultural and water-management projects in countries such as Tunisia, Benin, Côte d'Ivoire, and Kazakhstan. National initiatives, including Saudi Arabia's Topian food program, United Arab Emirates' food processing investments, and Bahrain's Food Holding Company, exemplify broader OIC efforts to develop a sustainable, innovation-driven Halal food ecosystem (DinarStandard, 2024).

In Malaysia, Halal food producers certified under MS 1500:2019 (Halal Food: General Requirements) qualify for a 100% Investment Tax Allowance (ITA) on capital expenditure incurred within five years, deductible against statutory income with carry-forward provisions. In addition, under the HDC framework, Halal Park operators and industry players benefit from tax exemptions, import duty relief on machinery and raw materials, and double deductions for compliance with international standards such as the Hazard Analysis and Critical Control Points system, Good Manufacturing Practices, and the Codex Alimentarius guidelines. These measures aim to strengthen high-value Halal production, enhance export competitiveness, and consolidate Malaysia's position as a global Halal hub (MIDA, 2024).

In terms of regulations, several OIC countries have exerted strong efforts to strengthen Halal governance and enhance the sector's supply chain efficiency through improved certification systems. In Malaysia, the JAKIM and Standards Malaysia form the backbone of the country's internationally recognized Halal certification framework. Indonesia

institutionalized Halal assurance through the BPJPH under the Ministry of Religious Affairs, to ensure full implementation of national Halal law.

In the United Arab Emirates, Halal regulation is overseen by the Ministry of Industry and Advanced Technology and Dubai Municipality, operating within the framework of the United Arab Emirates National Halal Certification Scheme. This governance structure has increasingly incorporated digital and technology-enabled solutions to enhance inspection effectiveness and regulatory oversight. A notable example is the United Arab Emirates's use of artificial intelligence to strengthen Halal inspection infrastructure, which is presented as a best practice in Box 3.

Box 3: Leveraging AI to Strengthen Halal Inspection Systems in United Arab Emirates

United Arab Emirates demonstrates how technology-enabled public-private collaboration can strengthen Halal governance by improving inspection efficiency, accuracy, and scalability across the food supply chain. The country has integrated technology into Halal governance through coordinated partnerships involving government authorities, technology firms, and academic institutions. In United Arab Emirates, Halal authorities have collaborated with technology providers to integrate AI into Halal certification and inspection processes, reducing manual errors and improving operational efficiency across the food supply chain. Building on these collaborations, United Arab Emirates has deployed AI-powered smart inspection tools at critical points along the Halal food supply chain, including slaughterhouses, processing facilities, and retail outlets. These systems use image recognition, sensor data, and machine-learning algorithms to automatically assess compliance with Halal standards in real time, enhancing inspection accuracy while accelerating procedures and enabling authorities to handle a higher volume of inspections with fewer resources. In United Arab Emirates, AI-enabled Halal inspections have improved compliance accuracy and operational efficiency through real-time monitoring and reduced reliance on manual checks, while digital traceability tools have enhanced transparency and strengthened trust in Halal certification systems.

Source: Adapted from World Halal Summit 2025: Congress proceedings book (World Halal Summit, 2025), based on the contribution of A. M. A. Mohammed.

Türkiye has similarly established a comprehensive institutional framework through the Halal Accreditation Agency to strengthen certification quality, ensure compliance with international standards, and enhance global recognition of its Halal assurance system.

Similarly, the Kingdom of Saudi Arabia implemented a national Halal system led by the SFDA through its Halal Centre, in coordination with the Saudi Standards, Metrology and Quality Organization, to ensure product integrity across the domestic and export markets. In Iran, the Institute of Standards and Industrial Research of Iran oversees national Halal standards and certification. Pakistan advanced its Halal framework through the Pakistan Halal Authority, which regulates domestic production and facilitates export growth.

In Egypt, the Egyptian Organization for Standardization and Quality, alongside ISEG Halal Egypt, supervises Halal labelling and export certification. Bangladesh, through the Bangladesh Standards and Testing Institution, has started issuing Halal certificates and collaborating with OIC and SMIIC to harmonize regional standards. Nigeria continues to strengthen its Halal regulatory framework through the Standards Organization of Nigeria to support conformity assessment and trade facilitation. These regulatory reforms demonstrate the OIC's commitment to building a harmonized Halal governance framework, enhancing mutual recognition of certification, and ensuring the global competitiveness of Halal products.

The Halal food agenda has remained a central focus of the OIC, supported by coordinated institutional mechanisms to enhance food security and trade. SMIIC, established in 2010, leads the development of OIC Halal standards and quality infrastructure. Its Technical Committee on Halal Food Issues has issued three core documents: OIC/SMIIC 1:2011 General Guidelines on Halal Food (replaced by OIC/SMIIC 1:2019 General Requirements for Halal Food), OIC/SMIIC 22:2021 Halal Edible Gelatine – Requirements and Test Methods, and OIC/SMIIC 24:2020 General Requirements for Food Additives and Other Added Chemicals to Halal Food.

SMIIC is also developing Halal Quality Infrastructure standards to guide the establishment of national Halal ecosystems and implements training and capacity-building programmes to strengthen expertise across member countries.

COMCEC plays a central role in advancing food security across OIC countries by providing high-level policy coordination through its Agriculture Working Group and Ministerial Conferences on Food Security. These platforms have enabled countries to adopt collective decisions, including agreements in principle on the establishment of an OIC Food Security Reserve System and the implementation of Programmes of Action on Strategic Agricultural Commodities. Building on this policy mandate, IOFS is responsible for translating agreed priorities into operational initiatives, guided by its IOFS 2031 Strategic Vision.

In this context, IOFS, in close collaboration with SESRIC and the IsDB, is advancing the development of the Strategic Plan for Food Security in OIC Member States (2025), with the objective of strengthening institutional coordination, enhancing systemic resilience, and improving collective food security outcomes across the OIC.

SESRIC has released the report on “Halal Industry in OIC Member Countries: Challenges and Prospects” in 2021, which reviews the Halal industry across OIC member countries, outlining key challenges, opportunities, and policy responses in Halal food, tourism, finance, and lifestyle. It also highlights national and OIC-level initiatives supporting industry development and cooperation. Beyond analytical contributions, SESRIC has consistently contributed to strengthening intra-OIC cooperation in the Halal sector through collaborations with OIC institutions, and relevant national, regional, and

international entities prominent in the sector. Since its launch, the Halal Capacity Building Programme (HALAL-CaB) shown in Box 4 has facilitated the implementation of several initiatives aimed at building capacities in the Halal sector across OIC countries.

The HALAL-CaB engages national representatives, experts, professionals, and academicians as both beneficiaries and contributors. Most recently, on 19-20 February 2025, SESRIC organized a virtual training course on “Advanced Halal Food Processing Techniques: Ensuring Safety and Quality”. The course enhanced the technical skills of professionals in OIC countries by introducing advanced methodologies in Halal food processing that ensure both safety and quality while maintaining the integrity of Halal standards. The training was co-organized with the Malaysian Agricultural Research and Development Institute, in coordination with the IOFS and the SMIC, benefiting more than 180 professionals from relevant ministries and institutions across 28 OIC countries. Through such efforts, SESRIC supports the overall development of the Halal food sector, enhancing production quality, capacity building, and the harmonization of Halal standards across OIC countries.

Box 4: Halal Capacity Building Programme (HALAL-CaB)



Accessible at: <https://www.sesric.org/cbp-Halalcab.php>

2.4 Islamic Tourism Market

This section highlights a selection of initiatives from OIC countries, including Malaysia, Türkiye, Saudi Arabia, the United Arab Emirates, and Indonesia, which have implemented targeted policies and programs to strengthen their competitiveness in the global Islamic tourism market. While not exhaustive, these examples illustrate key strategies and approaches adopted to foster the growth of Halal and Muslim-friendly tourism across diverse national contexts.

The Malaysian government has undertaken a comprehensive set of initiatives to develop and promote Islamic and Muslim-friendly tourism as part of its broader national tourism agenda. Key measures include the establishment of the Islamic Tourism Centre under the Ministry of Tourism, Arts and Culture to guide policy formulation, training, and research on Muslim-Friendly Tourism, as well as the formulation of a “Strategic Plan for Islamic Tourism Development” to outline future directions and implementation criteria (COMCEC, 2024). The government has also launched the Tourism Development Infrastructure Fund to enhance tourism facilities and established the HDC to coordinate the expansion of Malaysia’s Halal ecosystem (SESRIC, 2021).

Malaysia's National Tourism Policy 2020–2030 further seeks to strengthen the resilience of the tourism industry and position the country as a global destination through strategies emphasizing sustainability, inclusiveness, and technological innovation (SESRIC, 2024). The policy promotes Smart Tourism, leveraging digitalization, big data analytics, and e-marketing partnerships to improve competitiveness and visitor experience. In this context, the Malaysia Smart Tourism 4.0 initiative, launched in 2018, encourages the integration of digital technologies and ecotourism, including collaborations such as Tencent Holdings Ltd establishing a data center in Cyberjaya and Mafengwo supporting localized digital marketing for Chinese travelers. The government has also introduced interactive digital brochures, wage subsidies, and upskilling programmes to support recovery and human capital development in the tourism sector. Despite challenges related to internet infrastructure and information access, these initiatives have reinforced Malaysia's position as a leading global hub for Islamic and smart tourism, aligning with the UN Sustainable Development Goals and post-pandemic recovery priorities (SESRIC, 2024).

In Saudi Arabia tourism development has become a key pillar of Vision 2030, serving as a driver of economic diversification and reduced dependence on oil revenues. The Ministry of Tourism, the Saudi Tourism Authority, and the Tourism Development Fund were established to guide and finance the sector's growth in line with international best practices. Since the launch of the National Tourism Strategy in 2019, Saudi Arabia has witnessed significant expansion in tourism investments, supported by major regulatory reforms. Among the flagship projects, NEOM, with an estimated budget of US\$500 billion, aims to establish a new model for regenerative and technologically advanced tourism. The Red Sea Global project, valued at US\$23.6 billion, opened its first resort in 2023 and will reach full completion by 2030 with 50 resorts (SESRIC, 2024).

To strengthen innovation and digital transformation, Saudi Arabia launched the Digital Tourism Strategy in 2022, comprising nine programmes and 31 initiatives to be completed by 2025. The strategy focuses on enhancing digital platforms, simplifying travel procedures, promoting data-driven decision-making, developing a professional digital workforce, and fostering investment through technology-based solutions. Complementary reforms include ten new tourism regulations introduced in 2022 and the introduction of an electronic tourist visa system in 2019. Moreover, the Saudi Tourism Authority, in collaboration with national and international partners, continues to enhance visitor experiences through advanced technologies. Initiatives such as the Haramain Exhibition application allow virtual exploration of the Two Holy Mosques, while the Visit Saudi platform integrates planning, booking, and navigation tools, including the Saudi Calendar, Saudi Map, Smart ID, and Smart Pass systems. These efforts position Saudi Arabia as a leading destination for smart and sustainable tourism, in alignment with Vision 2030 objectives and global best practices (SESRIC, 2024).

Türkiye has positioned digitalisation and data-driven governance at the core of its tourism transformation agenda. In 2022, the Türkiye Tourism Promotion and Development Agency signed a landmark agreement with the Global Sustainable Tourism Council (GSTC), making Türkiye the first country to establish a mandatory national sustainable tourism programme aligned with international sustainability standards. This multi-year initiative builds on the earlier Safe Tourism Certification Programme and restructures the national tourism system around measurable safety, sustainability, and performance indicators, with full compliance targeted by 2030 (SESRIC, 2024).

Given the scale of Türkiye's tourism sector and the concentration of visitor flows in a limited number of destinations, the effectiveness of this framework increasingly depends on advanced data systems capable of monitoring tourism intensity, infrastructure pressure, and sustainability performance in near real time. In response, Türkiye has expanded investments in digital infrastructure, tourism intelligence, and data governance, while complementing these efforts with immersive technologies—such as virtual and augmented reality—to enhance visitor engagement in cultural heritage sites. Türkiye's experience in institutionalising big data and digital governance as tools for sustainable tourism management is presented as best practice in Box 5.

Box 5: Deploying Big Data for Sustainable Tourism Governance in Türkiye

Tourism governance in Türkiye has evolved in response to challenges related to scale, destination concentration, and sustainability pressures. To address these issues, national authorities have increasingly integrated big data and digital tools into tourism policy to improve monitoring, support timely decision-making, and strengthen coordination across institutions.

Tourism is a key pillar of Türkiye's economy, accounting for around 11% of GDP and 9.2% of employment before the COVID-19 pandemic. The sharp decline in 2020—when international arrivals fell by 69% and revenues dropped by 65%—exposed structural weaknesses linked to seasonality, spatial concentration, and environmental pressure, highlighting the need for more data-informed governance.

Under the 2028 Tourism Master Plan, Türkiye has developed digital infrastructure such as the National Tourism Data Network and the Tourism Information Portal, combining official statistics with alternative data sources, including payment data, mobile roaming, online bookings, and sustainability reporting. These tools enable near real-time monitoring of visitor flows and destination pressure, supporting more balanced policy responses.

Data-driven approaches are particularly relevant given that Antalya and Istanbul attract nearly half of all tourists and about 80% of international visitors. Complementing these efforts, the Türkiye Sustainable Tourism Programme, developed with the Global Sustainable Tourism Council, introduces a phased mandatory certification system, with sustainability data from around 22,000 accommodation facilities used to support benchmarking, compliance monitoring, and evidence-based policymaking.

Source: Adapted from the World Economic Forum (2023), based on contributions by Ms. Lauren Uppink Calderwood and Mr. Maxim Soshkin, in collaboration with Cappadocia University.

The United Arab Emirates has positioned itself as a leading destination for Halal and Muslim-friendly tourism through a comprehensive and innovation-driven strategy. The government has established dedicated committees to design Islamic tourism development plans, engage with service providers, and promote the certification of Halal-compliant products and services. As a result, tourism operators across the United Arab Emirates now offer facilities tailored to Muslim travelers, including Halal-certified food, prayer spaces, family-oriented and gender-segregated leisure activities, and hotel rooms equipped with Qibla indicators, prayer mats, and copies of the Quran. To enhance the visitor experience, the United Arab Emirates integrates digital innovation and sustainability into its tourism ecosystem. Dubai's Department of Tourism and Commerce Marketing launched Tourism 2.0 in 2018, a blockchain-based marketplace that directly connects hotels and tour operators with buyers, improving efficiency and transparency. In Abu Dhabi, the Department of Culture and Tourism partnered with PayBy to introduce a cashless and contactless payment system across hotels, malls, and tourism establishments, promoting safety, convenience, and inclusivity. Virtual reality platforms such as Abu Dhabi 360° Tour and Dubai360 further support Muslim travelers by enabling virtual exploration of destinations aligned with cultural and religious preferences. Sustainability remains a central component of the United Arab Emirates' approach. Through the Dubai Sustainable Tourism initiative, the Carbon Calculator allows real-time tracking of carbon emissions in hotels, encouraging resource efficiency and aligning the sector with the United Arab Emirates Net Zero by 2050 Strategy and Dubai's Economic Agenda D33 (SESRIC, 2024). These initiatives demonstrate the United Arab Emirates commitment to advancing Halal tourism in a manner that is technologically advanced, environmentally responsible, and inclusive of diverse visitor needs.

Similar strategies have been implemented in other OIC destinations. For instance, Indonesia's Ministry of Tourism and Creative Economy established the Team for Accelerated Development of Halal Tourism and introduced the Indonesia Muslim Travel Index (IMTI) to rank provinces on their Muslim-friendliness. These initiatives aim to promote healthy competition, raise awareness among service providers, and expand Halal tourism offerings (SESRIC, 2021).

The OIC has undertaken a range of initiatives to support the development of Islamic tourism across its member countries. A key milestone in this regard was the adoption of the "Strategic Roadmap for Development of Islamic Tourism in OIC Countries" by the 10th Islamic Conference of Tourism Ministers (ICTM) in 2018, held in Dhaka, Bangladesh. Prepared by SESRIC, the roadmap provides a framework for cooperation among OIC countries, OIC institutions, and relevant international organizations. The document identifies five key thematic areas to enhance cooperation at the intra-OIC level in Islamic tourism, including proposed actions for each area.

Table 2: Thematic Areas of Cooperation of the “*Strategic Roadmap for Development of Islamic Tourism in OIC Member Countries*”

Thematic Area	Scope & Purpose	Key Focus
1. Data and Monitoring	Strengthen statistical capacity and generate reliable, comparable data for Islamic tourism. Supports evidence-based policymaking and performance tracking.	Data collection, tourism statistics, alternative data sources, monitoring frameworks.
2. Policy and Regulation Development	Harmonise and improve national and regional policies and regulatory frameworks. Aims to facilitate coherent governance and competitive industry standards.	Policy alignment, regulatory best practices, governance frameworks.
3. Marketing and Promotion	Enhance visibility and competitiveness of Islamic tourism through coordinated marketing and branding.	Joint marketing campaigns, promotional platforms, market segmentation, destination branding.
4. Destination and Industry Development	Support sustainable destination planning and sector development. Focus on standards, infrastructure, and product quality.	Destination competitiveness, quality standards, industry diversification.
5. Capacity Building	Build skills and institutional competencies in member countries. Strengthen human resources and organisational capacities.	Training programmes, skills development, institutional strengthening.

Source: Source: SESRIC (2018).

SESRIC has been actively contributing to the development of the Halal tourism sector in OIC countries through regular analytical reports and studies. Since 2008, the Centre has published a series of flagship reports titled International Tourism in the OIC Countries: Prospects and Challenges, which provide comprehensive assessments of the performance, trends, and economic contribution of the tourism sector across member states. These reports, including the latest editions Empowering Smart and Sustainable Tourism for Development (2024) and Prospects and Challenges amid the COVID-19 Pandemic (2022), examine key indicators such as international tourist arrivals and receipts while highlighting opportunities for cooperation and policy alignment. Complementing these flagship studies, SESRIC also issues thematic research briefs such as Corruption and Tourism Sector (2025), which explores the role of governance, institutional integrity, and digitalization in fostering sustainable and resilient tourism ecosystems. These publications support evidence-based policymaking, facilitate dialogue among stakeholders, and strengthen intra-OIC cooperation for the advancement of ethical, inclusive, and sustainable tourism.

Within the framework of its Statistical Capacity Building (StatCaB) Programme, SESRIC collaborated with the Department of Statistics Malaysia (DOSM) to organize a Training

Course on Tourism Statistics on 21–22 February 2024. This program brought together 48 experts from the National Statistical Offices (NSOs) and Ministries of Tourism of 19 OIC countries to enhance statistical capacity, providing critical tools for measuring and supporting the growth of Islamic tourism. In addition, SESRIC have organized numerous capacity-building programs, conferences, and seminars in countries such as Bangladesh, Indonesia, Kyrgyzstan, Niger, Suriname, Türkiye, and Uzbekistan. These initiatives focus on Halal and Islamic tourism, enhancing the knowledge and skills of policymakers, tourism professionals, and industry stakeholders. ICDT has also published a technical study on Muslim-Friendly Tourism Branding in the Global Market (2018) to guide destination marketing strategies.

COMCEC has played a pivotal role in advancing Islamic tourism across OIC member states through its Project Funding Mechanism and the Tourism Working Group. Several countries, including The Gambia and Suriname, alongside OIC institutions such as SESRIC and ICDT, have benefited from COMCEC-funded initiatives aimed at strengthening institutional capacities and enhancing the skills of tourism stakeholders. Through these programs, numerous public officials and industry professionals have received comprehensive training to deepen their understanding of Islamic tourism. In parallel, the COMCEC Tourism Working Group has examined the Islamic tourism market in a series of meetings in recent years, identifying key challenges and putting forward policy recommendations to guide OIC countries in fostering a more competitive and integrated Islamic tourism ecosystem.

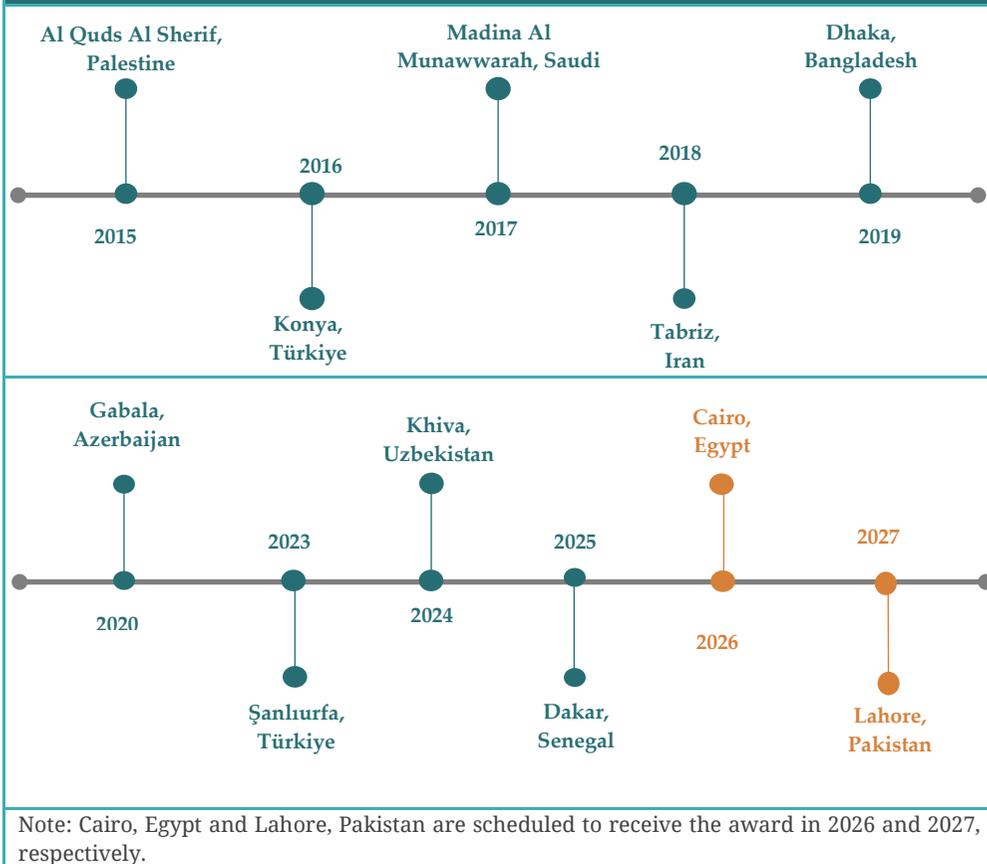
Other OIC institutions such as SMIIC developed the Halal Tourism Services Standards, which were adopted in December 2019 and made available to stakeholders in the Islamic tourism sector. These standards provide a framework to ensure that products and services for Muslim travelers are consistent with Islamic principles, promoting quality, trust, and uniformity across the industry.

Complementing these efforts, the OIC City of Tourism Award was launched in 2015 to stimulate intra-OIC tourism activities in selected cities, enhance their socio-economic potential, and promote trade in goods and services among OIC countries. The award also serves to raise awareness and generate interest in Islamic tourism across the OIC region. Al-Quds Al-Sharif was honoured as the first OIC City of Tourism in 2015 (Box, 6), setting a precedent for the recognition of cities that actively advance the Islamic tourism agenda (SESRIC, 2021).

Since its inception, the initiative has recognized eight outstanding cities across OIC countries between 2015 and 2024, reflecting the diversity of Islamic cultural heritage and tourism potential within the OIC region. The origins of the OIC City of Tourism Award can be traced back to the resolution of the 7th ICTM held in 2010, which laid the foundation for the initiative to acknowledge the achievements of Member States in enhancing tourism development (SESRIC, 2021). More recently, the 12th Session of the ICTM, held from 31 May to 2 June 2024 in Khiva, further extended this initiative by

awarding the title of OIC City of Tourism to Dakar, Senegal (2025), Cairo, Egypt (2026), and Lahore, Pakistan (2027), underscoring the continued commitment of OIC countries to strengthening cooperation in Islamic tourism development (OIC, 2024). Box 4 below shows the summary of the cities selected for the OIC City of Tourism Award since 2015.

Box 6: Cities Selected for the OIC City of Tourism Award since 2015



2.4 Initiatives for Islamic Lifestyle Market

The Islamic lifestyle industry plays a strategic role in shaping global perceptions of Halal quality, ethical production, and cultural authenticity. OIC countries are responding to rising demand for faith-aligned products through coordinated initiatives that strengthen competitiveness, harmonise standards, and enhance international reputation.

- **Modest Fashion**

The modest fashion industry serves both as a manufacturing base and a global branding channel for OIC countries. National initiatives increasingly focus not only on expanding production capacity, but also on strengthening design capability, sustainability credentials, and international market visibility. In Indonesia, institutional coordination between the Creative Economy Agency and the tourism authority has supported

incubator programmes linking emerging designers and SMEs with Shariah-compliant financial institutions (UNESCO, 2016; DinarStandard, 2024). Malaysia's Fund the Founders programme has assisted 20 modest fashion designers, two of whom successfully secured investment (Whitehead, 2020), while Türkiye has established national production clusters and export-promotion schemes to scale manufacturing for regional and global markets (WTO, 2023; World Bank, 2024; DinarStandard, 2024)

These initiatives are reinforced through SME incentives, trade missions, and the adoption of ethical textile standards. Digital platforms—particularly e-commerce and social commerce—play a central role in reaching younger consumers and expanding global visibility through collaborations with international brands. Industry-led initiatives increasingly prioritise sustainability certification, factory upskilling, and fintech-based solutions that improve SME access to finance. At the same time, regional trade facilitation and targeted foreign investment are fostering vertical integration within textile value chains, enabling countries to retain greater domestic value while strengthening export performance and brand credibility in global modest fashion markets.

- **Halal Pharmaceuticals**

The Halal pharmaceuticals sector is emerging as a strategic focus among OIC countries, supported by national policies, investments, and partnerships aimed at advancing faith-aligned healthcare solutions. Malaysia has played a pioneering role in shaping the global Halal pharmaceutical landscape. It established the world's first Halal pharmaceutical standard in 1999 and later introduced the MS 2424:2012 Halal Pharmaceutical Guidelines, which set an international benchmark for Halal drug manufacturing and quality assurance (Department of Standards Malaysia, MS 2424:2012). These regulatory foundations have supported the development of R&D hubs, streamlined Halal certification processes, and public-private partnerships in pharmaceutical, vaccine, and biologics development (Latiff & Zakaria, 2016). Indonesia has reinforced its commitment to Halal pharmaceuticals through the Halal Product Assurance (HPA) Law, enacted in 2014 and implemented in 2019. The law mandates Halal certification for all products—including food, cosmetics, and pharmaceuticals—that are imported, distributed, or traded within the country (Law of the Republic of Indonesia No. 33, 2014). The United Arab Emirates has emerged as a regional leader through the establishment of pharmaceutical and biotechnology R&D hubs, streamlined regulatory frameworks for Halal certification, and public-private partnerships in vaccine and biologics development. Digital health initiatives, including telehealth and advanced dispensing systems, are being expanded to enhance service delivery while maintaining compliance with Halal production and supply-chain requirements (U.S.–UAE Business Council, 2024; Ernst & Young, 2024). Saudi Arabia has introduced targeted incentives to promote domestic pharmaceutical manufacturing as part of broader industrial and health-sector development strategies (Kingdom of Saudi Arabia Vision 2030, 2024). These measures

aim to strengthen local production capacity, reduce import dependence, and expand export potential in Halal-certified pharmaceutical products.

- **Halal Cosmetics**

The Halal cosmetics sector is experiencing rapid growth, driven by the rise of digitally native brands, eco-friendly ingredient sourcing, and stricter certification standards. At the national level, countries such as Malaysia and Türkiye support domestic champions through SME development programs, export promotion, and clear Halal labeling regulations. In Indonesia, leading brands such as Wardah have benefited from targeted government initiatives that promote SME growth, enhance export potential, and enforce Halal compliance, strengthening their competitiveness in both regional and global markets (ICDT, 2022).

Private investment in the sector is increasingly focused on direct-to-consumer e-commerce, influencer marketing, and sustainability credentials, particularly in areas such as clean beauty and traceable sourcing. Meanwhile, industry associations, Halal certification bodies, and trade organizations are working together to harmonize standards, improve market access, and advance R&D in Halal-compliant formulations (SESRIC, 2021; DinarStandard, 2024).

- **Halal media and recreation**

The development of the Halal media and recreation sector across OIC countries has accelerated through integrated national strategies, policy reforms, and digital innovation. Saudi Arabia, the United Arab Emirates, Türkiye, Malaysia, Indonesia, and Qatar have embedded media development into broader national visions such as Saudi Arabia's Vision 2030 and the United Arab Emirates' Dubai Economic Agenda D33. Saudi Arabia's Project Transcendence, valued at US\$100 billion, seeks to position the Kingdom as a global leader in AI-driven media and data analytics, while its General Authority of Media Regulation launched a diversification strategy to expand the sector's contribution to non-oil GDP (DinarStandard, 2024). In parallel, the United Arab Emirates has adopted updated federal media regulations aimed at enhancing the investment environment while safeguarding national cultural values. Separately, Dubai has articulated an emirate-level economic vision through the Dubai Economic Agenda D33, which places strong emphasis on digital transformation, innovation, and global competitiveness (Dubai Media Office, 2023).

Kuwait has supported the production and dissemination of authoritative Islamic reference works, including multi-volume encyclopedic publications compiled under official religious institutions, reflecting long-standing commitments to Islamic education and scholarship (Kuwait Ministry of Awqaf and Islamic Affairs, n.d.).

In tandem with policy efforts, media and entertainment investment across OIC countries reached approximately US\$451 million in 2023–2024, with the United Arab Emirates, Saudi Arabia, Malaysia, Türkiye, and Indonesia leading. The growth of digital media

hubs, gaming innovation centers, and content production clusters is transforming OIC countries into competitive players in global media. Educational and family-oriented programming has expanded significantly, supporting both cultural preservation and youth engagement. Governments and private investors are prioritizing AI-driven innovation, including smart broadcasting, data analytics, and multilingual content automation, to enhance accessibility and audience reach. Cross-border collaborations—such as media alliances and co-production agreements—further strengthen shared Islamic cultural narratives (DinarStandard, 2024).

- **OIC-Level Initiatives across the Islamic Lifestyle Sector**

At the OIC level, a range of coordinated initiatives support the development of the Islamic lifestyle sector across its key segments, from modest fashion and Halal pharmaceuticals to Halal cosmetics and media. Collaborative programmes led by SMIIC, ICDT, and other relevant institutions focus on harmonising standards, facilitating trade, and strengthening industry ecosystems. In modest fashion and Halal cosmetics, these efforts include technical guidance on standards, capacity-building programmes, exhibitions, and regional networking platforms that support SME participation and enhance international market access (SESRIC,2021).

Cooperation in Halal pharmaceuticals and biotechnology has been shaped by strategic frameworks and institutional collaboration. The OIC Strategic Health Programme of Action (2014–2023) provided a cooperative framework for strengthening health systems and enhancing collaboration on medicines, vaccines, and medical technologies across OIC countries, laying the foundation for subsequent sector-specific initiatives. Building on this framework, mechanisms such as the OIC Vaccine Manufacturers Group have supported regional cooperation and self-reliance in vaccine production. At the same time, development partners—including the IsDB and global health institutions such as the World Health Organization (WHO)—have been recognised as collaborators in OIC health cooperation, contributing financing and technical cooperation that strengthen institutional capacity, regulatory alignment, and innovation in pharmaceutical and vaccine sectors (OIC, 2013).

In the media and recreation segment, OIC-affiliated bodies such as the International Islamic News Agency (IINA), Islamic Broadcasting Union (IBU), OIC Broadcasting Regulatory Authorities Forum (IBRAF), OIC Media Forums, and the Standing Committee for Information and Cultural Affairs (COMIAC) promote cross-border co-production, training, and capacity building, reinforcing shared cultural narratives and digital presence. Complementing these efforts, SESRIC supports institutional capacity through training, workshops, and knowledge platforms, while SMIIC—together with partners in Türkiye—co-organise the OIC Halal Expo and World Halal Summit as flagship platforms for trade promotion, innovation, and policy dialogue (SESRIC,2021).

3. CHALLENGES IN THE HALAL INDUSTRY

The Halal industry has emerged as a significant and rapidly growing segment of the global economy, contributing to trade, employment, and investment in OIC countries. Despite this growth, the industry faces a complex set of interconnected challenges that hinder its full potential as a unified ethical industry. Many of these obstacles, such as regulatory fragmentation, high certification costs, limited innovation, and weak data systems, are shared across multiple Halal sectors, reflecting systemic governance and institutional capacity gaps within the broader Halal ecosystem. Other challenges, including human capital shortages, digital transformation gaps, and consumer trust deficits, highlight the need for integrated strategies that combine regulatory harmonization with technological and educational development. At the same time, sector-specific issues like counterfeiting in Halal media, greenwashing in cosmetics, and ingredient sourcing in pharmaceuticals point to operational vulnerabilities that require targeted interventions.

This section explores the above key challenges in detail, with a particular focus on how member countries confront these obstacles. It highlights both cross-cutting systemic issues and sector-specific constraints, with the aim of identifying structural patterns and outline potential policy directions for the resilience, competitiveness, and global integration of OIC Halal sectors.

3.1. Islamic Finance Industry

Islamic finance plays a pivotal role in supporting and sustaining the Halal industry by ensuring Shariah compliance funding for its growth. Despite its critical contribution, the industry continues to face structural and operational challenges that hinder its transnational synergy, innovation, and inclusiveness.

- **Regulatory fragmentation across countries**

A key challenge facing the Islamic finance industry is the Regulatory fragmentation across countries. Islamic finance operates under diverse national rulings, resulting in inconsistent regulatory frameworks and product standards. While international bodies such as AAOIFI, IFSB, and SMIIC have advanced harmonization efforts, most OIC countries continue to apply distinct Shariah rulings, accounting practices, and contract validation procedures. This divergence arises from differences among the four major Islamic schools of thought (Hanafi, Hanbali, Maliki, and Shafi), which have shaped varying interpretations of Islamic jurisprudence. Although the primary sources of Shariah law, including the Quran, Sunnah, Ijma, Qiyas, and Ijtihad, are universally recognized, variations in legal reasoning lead to both minor and major disparities in the permissibility of financial instruments across regions (Rafay et al.2016).

These inconsistencies limit cross-border investment, increase compliance costs, and reduce investor confidence. For example, sukuk issued in Malaysia may not be fully recognized in GCC markets due to differing interpretations of asset ownership and profit distribution (IFSB, 2024). Developing a universally accepted Shariah framework through

the convergence of jurisprudential interpretations would strengthen global recognition, expand market reach, and enhance liquidity. Establishing cross-border Shariah supervisory councils, mutual recognition mechanisms, and unified accounting standards under the coordination of the OIC would significantly improve regulatory coherence and confidence.

- **Lack of skilled workforce**

The shortage of qualified human capital further compounds these challenges. The Islamic finance industry continues to experience a significant skills mismatch, with a gap between the competencies required by modern financial markets and those possessed by available professionals. There are insufficient trained Shariah scholars, auditors, financial engineers, and legal experts capable of handling complex instruments such as sukuk, Islamic derivatives, and fintech-based solutions. Many jurisdictions depend on a limited pool of scholars, resulting in concentration of authority, slower product approvals, and potential conflicts of interest (SESRIC, 2021). The persistent mismatch between training and industry needs has been identified as a central challenge to human capital development in Islamic finance (Agil Natt, Alhabshi, & Zainal, 2009). Also, weaknesses in human resource quality contribute to ongoing criticism of Islamic banking practices, particularly regarding their lack of authenticity and divergence between theory and practice (Haneef, 2009). These deficiencies affect innovation, institutional credibility, and the overall development of the Islamic finance sector. Addressing these human capital constraints will require OIC countries to adopt differentiated capacity-building strategies aligned with their institutional maturity, including targeted Shariah–finance curricula, industry-embedded training programmes, and regionally coordinated accreditation frameworks.

- **Limited product diversity**

Limited product diversity represents another structural constraint. Although Islamic finance has expanded globally, its portfolio remains heavily concentrated in debt-like instruments such as murabaha and ijara, while risk-sharing modes—mudarabah, musharakah, and waqf-based financing are underdeveloped. Emerging areas such as Islamic fintech, microfinance, and green sukuk are still nascent (El-Hawary et al. 2007). This narrow product range reduces competitiveness and the ability to meet evolving consumer and corporate needs, particularly among younger and digitally engaged populations. Overcoming this constraint will require OIC countries to progressively expand their Islamic finance product ecosystems in line with domestic market depth and regulatory capacity, particularly by enabling innovation in risk-sharing, digital finance, and sustainability-linked instruments.

- **Lack of standardized and reliable data**

Another key impediment is the lack of standardized and reliable data on industry performance, financial inclusion, and asset distribution. Few OIC national statistical

offices produce disaggregated Islamic finance data, forcing policymakers to depend on commercial databases with inconsistent methodologies (SESRIC, 2021). This data gap hampers cross-country comparisons, weakens policy formulation, and discourages investors. Low transparency also encourages Shariah arbitrage, where selective standards are applied for market advantage. Addressing these data limitations will require OIC countries to strengthen Islamic finance statistical capacity in line with national institutional capabilities, while progressively advancing harmonised disclosure practices and coordinated intra-OIC data platforms to support transparency, comparability, and evidence-based policymaking.

- **Regional disparities**

Regional disparities also persist. While Islamic finance has been widely embraced in the GCC and expanding in Southeast Asia, it remains underdeveloped in Sub-Saharan Africa, Central Asia, and low-income OIC economies. Large segments of the Muslim population remain unbanked due to limited awareness, inadequate infrastructure, high costs, and complex procedures that deter SMEs and low-income individuals (ICD & LSEG, 2024). Reducing regional disparities in Islamic finance will depend on OIC countries' ability to tailor inclusion frameworks to domestic capabilities, with greater emphasis on scalable, low-cost delivery models in low-income and underserved economies.

- **Liquidity management**

Liquidity management remains a persistent structural issue for Islamic financial institutions, mainly due to limited availability of Shariah-compliant money market instruments and shallow secondary markets for sukuk. As a result, many institutions rely heavily on short-term murabaha placements, which provide limited protection during periods of market volatility. In addition, gaps in harmonised liquidity risk measurement and governance practices can increase concentration and operational risks (IFSB, 2024). Addressing these constraints requires coordinated action by central banks and regulators, standard-setting bodies that issue prudential guidance for Islamic finance, and multilateral institutions to expand Islamic interbank markets, strengthen liquidity facilities, and promote adequate capital and liquidity buffers. In parallel, technology-enabled solutions—such as blockchain-based liquidity pools—may improve transaction traceability, transparency, and operational efficiency.

- **Competitive pressure**

Islamic banks face growing competitive pressures from conventional institutions that benefit from larger scale, advanced technology, and mature capital markets. Conventional banks often provide a broader range of cost-efficient products, reducing the attractiveness of Islamic alternatives. Empirical evidence shows that strong competition between Islamic and conventional banks erodes Islamic banks' market power, compelling them to adjust their pricing and risk structures to remain viable (Azmat, Azad, Bhatti, & Ghaffar, 2020). This competitive environment has led to the

convergence of returns between Islamic and conventional financial instruments, particularly in asset- and liability-side products such as murabaha, which increasingly mirror conventional loan systems. Such convergence reinforces the perception that Islamic finance replicates conventional models under religious labelling, thereby weakening its uniqueness and authenticity. Mitigating competitive convergence will depend on OIC countries' ability to foster enabling environments that allow Islamic finance to compete on distinctive ethical, risk-sharing, and impact-oriented foundations, rather than price alone.

- **Integration of digital technologies**

Digitalization presents both significant opportunities and critical risks for the Islamic finance industry. The integration of fintech, blockchain-based sukuk, artificial intelligence, and digital banking can enhance efficiency, accessibility, and Shariah compliance across financial services. In countries such as Indonesia, digital transformation has expanded financial inclusion and strengthened the position of Islamic finance globally (Fitria, 2024). However, this transition also introduces complex challenges, including cybersecurity risks, regulatory gaps, limited digital literacy, and interoperability issues between platforms. The absence of Shariah-compliant frameworks for smart contracts and digital currencies further exacerbates investor uncertainty and hinders innovation. Managing the risks associated with digitalisation will depend on OIC countries' ability to align financial regulation, Shariah oversight, and digital capacity-building with the pace of fintech adoption across their financial systems.

3.2. Halal Food Industry

Despite rapid market growth, the Halal food industry continues to face structural and operational constraints, notably fragmented certification systems, high compliance costs, inadequate laboratory and logistics infrastructure, weak market intelligence, technological gaps, and uneven consumer awareness across OIC countries.

- **Non-harmonised Halal certification regimes**

Globally, an estimated 500 Halal Certification Bodies (HCBs) operate independently, often applying differing Shariah interpretations and certification procedures (Tieman & Williams, 2019). The absence of a unified OIC-wide registration or recognition mechanism limits mutual recognition among HCBs, leading to duplicated inspections, inconsistent accreditation outcomes, and elevated compliance costs.

These divergences have direct implications for market efficiency and consumer trust. Consumers face uncertainty when assessing the Halal status of food, cosmetics, and other consumables, while businesses—particularly those engaged in cross-border trade—encounter regulatory complexity, operational delays, and higher costs that disproportionately affect SMEs.

At the institutional level, national Halal authorities such as JAKIM (Malaysia), Halal Products Certification Agency (BPJPH) (Indonesia), Majlis Ugama Islam Singapura (MUIS) (Singapore), and SFDA (Saudi Arabia) apply distinct certification methodologies and Shariah interpretations. This diversity complicates verification procedures and restricts mutual recognition even among OIC countries. Empirical evidence from Malaysia's Halal Development Corporation (HDC) and Indonesia's BPJPH indicates that high certification fees, bureaucratic requirements, limited digitalisation, and repeated laboratory testing remain key barriers for SMEs, undermining formal compliance and, in some cases, incentivising partial certification or informal market participation (Hadiyanto et al., 2024; Widodo et al., 2023; Tieman & Williams, 2019).

Beyond firm-level effects, non-harmonised certification regimes constrain intra-OIC trade Coordination, weaken the credibility of Halal assurance systems, and reduce the global competitiveness of Halal value chains. Addressing this challenge will require OIC countries to progressively strengthen mutual recognition and certification coordination—building on unified standards developed by SMIIC and supported by Standing Committee on Scientific and Technological Cooperation (COMSTECH)—while calibrating implementation to national institutional capacity and SME readiness.

- **Infrastructure and supply chain capacity**

Reliable infrastructure and supply chain capacity are critical to maintaining Halal assurance. However, more than half of OIC countries lack adequate facilities. Limited cold-chain infrastructure and insufficient laboratory capacity remain major challenges in ensuring Halal assurance, particularly for perishable products such as meat and dairy (SESRIC, 2021).

Evidence from large-scale laboratory surveillance of Halal-certified foods underscores the crucial role of scientific testing in safeguarding Halal compliance. For instance, a forensic study conducted in Malaysia tested 62 samples of meatball and surimi products and found that approximately 1.3% contained prohibited substances such as ethanol and gelatin, underscoring the need for stronger Halal verification and monitoring systems (Sahilah et al., 2016). These findings emphasize that robust laboratory infrastructure is indispensable for ensuring product authenticity, maintaining consumer confidence, and enhancing the global competitiveness of OIC countries in the Halal market.

Countries lacking sufficient testing and laboratory capacity face higher production costs, greater risks of contamination, and reduced credibility in international trade. Strengthening laboratory systems must be accompanied by targeted and context-specific investments. Efforts to strengthen Halal testing and certification infrastructure in OIC countries are essential. This includes modernizing laboratories, developing advanced forensic testing and analysis capabilities, and aligning standards with international accreditation systems. Considering differences in financial and institutional capacities, regional cooperation and shared laboratory networks,

supported by OIC institutions, development partners, and private sector involvement, can provide more practical and cost-effective solutions for member countries.

- **Absence of standardized and reliable data**

The absence of standardized and reliable data remains a major constraint on effective policy formulation and investment planning in the Halal food sector. Existing Halal market estimates often rely on consultancy reports that apply inconsistent methodologies, making it difficult to assess competitiveness, identify market gaps, and develop coherent export strategies. The Halal food system suffers from limited systematic, data-driven analysis compared to non-Halal food systems, particularly in defining indicators for sustainability, safety, and traceability (Tseng et al., 2022). Developing accurate and unified Halal data platforms—coordinated at the OIC level in cooperation with national statistical offices and relevant authorities—would support evidence-based policymaking and better align production capacity with consumption patterns across member countries.

- **Supply-demand mismatches and trade barriers**

Supply-demand mismatches and trade barriers remain persistent issues. Some countries, such as Malaysia and Indonesia, may produce surpluses without adequate export access, while others rely heavily on imports despite domestic production potential. Limited mutual recognition of certification, regulatory discrepancies, and political trade barriers exacerbate these imbalances. The consequences include volatile pricing, inefficient resource allocation, and limited product availability. Policymakers can mitigate these effects through harmonized trade frameworks, regional export hubs, and improved market intelligence systems (SESRIC, 2021).

- **Adoption of digital technologies**

Technological adoption in the Halal food sector remains limited, particularly among SMEs, which constrains operational efficiency and supply chain management. Maintaining Halal assurance across complex supply chains requires digital traceability, blockchain verification, and Internet of Things (IoT)–enabled logistics. However, many Halal agro-food SMEs underutilize these technologies due to limited digital literacy, lack of managerial expertise, insufficient investment capacity, and inadequate technical infrastructure (Ahmad Tarmizi et al., 2020).

Low technological adoption increases the risk of product adulteration, mislabeling, and contamination, undermining consumer confidence and limiting export competitiveness. Studies on Malaysian Halal SMEs show that while IoT and blockchain technologies have the potential to enhance supply chain traceability and product quality, uptake is slow due to perceived complexity, security concerns, and weak organizational readiness (Ali et al., 2023). The shortage of skilled Halal auditors and digital supply chain experts further hampers effective adoption and utilization of advance digital and technological tools in production processes and supply chains.

- **Consumer awareness**

Halal industry faces persistent challenges related to consumer awareness, perception, and fraudulent practices. Halal food fraud, including mislabeling, adulteration, and non-compliance with Halal standards, remains widespread along the supply chain (Ruslan, Kamarulzaman, & Sanny, 2018). Weaknesses in certification systems, insufficient monitoring, and inconsistent labeling increase the risk of unintentional consumption of non-Halal products (Begum, Alamgir, Sharmin, & Chowdhury, 2025). Furthermore, variations in consumer knowledge, religious commitment, and awareness influence perception and purchasing behaviour. Regulatory weaknesses and limited public education increase these risks. Stronger certification, standardized labelling, and consumer awareness programs are needed to safeguard Halal assurance and ensure market transparency.

3.3. Halal Tourism Industry

The Halal tourism industry faces persistent structural and operational challenges that constrain its growth, competitiveness, and ability to provide consistent Muslim-friendly experiences as explained below.

- **Weak governance and limited oversight**

Ineffective governance structures and limited institutional oversight create vulnerabilities across multiple tourism segments, including educational, health, cultural, and leisure tourism. In educational tourism, insufficient regulation allows institutions to operate without proper accreditation, leading to the issuance of illegitimate degrees, unverified certifications, and fraudulent enrollment campaigns. Students may be coerced into unofficial payments or subjected to bribery for administrative services, while visa issuance and admissions processes are often manipulated for financial or operational gain. These practices compromise the credibility of educational tourism, expose students to financial loss, and in extreme cases, facilitate human trafficking under the guise of education (SESRIC, 2025b). Corruption within the broader tourism sector enables organized crime, including human trafficking, forced labor, smuggling, drug trafficking, and money laundering, as criminal networks exploit weak governance and inadequate audit mechanisms. Popular tourist destinations with high service demand are particularly vulnerable, where women and children may face exploitative labor conditions, and criminal organizations use tourism infrastructure to channel illicit revenue (Arsad, Manap, & Rahman, 2025). In the health and medical tourism sub-sector, unlicensed clinics and practitioners operate without standardized licensing and monitoring, leading to substandard treatments, post-operative complications, and reduced trust among medical tourists. Weak governance in this context undermines patient safety, service quality, and overall competitiveness (SESRIC, 2025b). Similarly, in cultural and recreational tourism, governance gaps are reflected in the misallocation of public funds, exclusion of local

communities from decision-making, and regulatory manipulation to favor certain operators. These deficiencies discourage entrepreneurship, promote informal tourism practices, and reduce equitable economic benefits, threatening the sustainability of Halal tourism destinations (Ruzulan, Hassan, & Jamaluddin, 2023). Limited adoption of digital tools and Shariah-compliant governance mechanisms further exacerbates transparency and accountability issues. Without institutional reform, anti-corruption enforcement, and stakeholder participation, Halal tourism risks losing competitiveness and consumer confidence (Ab Halim, Salleh, & Ahmad, 2022; Arsad, Manap, & Rahman, 2025; SESRIC, 2025).

- **Underdeveloped infrastructure**

Underdeveloped infrastructure remains a major barrier to the growth and competitiveness of Halal tourism. Certified restaurants, prayer facilities, gender-sensitive amenities, family-friendly accommodations, and adherence to sustainability standards are essential to attract Muslim travelers. However, many destinations face inadequate public investment, low private sector engagement, and poor integration of Halal principles into urban and tourism planning, resulting in fragmented services and substandard facilities (Khaliji, 2025). Human resource limitations, including a shortage of trained hospitality professionals and insufficient expertise in Halal service standards further reduce service quality and investor confidence (Chantarungsri & Alam, 2024; Rahim et al., 2025). Additional constraints include weak stakeholder coordination, and environmental pressures—such as water scarcity—that further exacerbate operational inefficiencies. (Khaliji, 2025). These infrastructural weaknesses restrict scalability, hinder technology adoption, and prevent the delivery of consistent Muslim-friendly experiences (Bamiro, Oshoba, Yahya, & Li, 2025; Haryanto, Muhtadi, & Fudholi, 2025).

Addressing these gaps requires integrated urban and tourism planning, strengthened public–private partnerships, targeted fiscal incentives for Halal-certified facilities, workforce upskilling, and digital management systems to improve service quality and market competitiveness.

- **Limited local participation and unequal economic benefits**

Limited local participation and unequal economic benefits remain significant challenges to the sustainable development of Halal tourism. Large-scale foreign investments and mega-projects often dominate tourism landscapes, leaving local communities with minimal economic gain and limited decision-making authority. High entry barriers, restricted access to finance, and the absence of local content policies limit opportunities for small businesses and local entrepreneurs, particularly among women and youth (COMCEC, 2024; Singgalen, 2025). These conditions contribute to economic leakage and reduce inclusivity and cultural authenticity in tourism offerings. Strengthening local cooperative structures, supporting artisanal businesses, and promoting Halal-certified local products can enhance income generation and equitable distribution of benefits while preserving cultural identity (Heembo & Nuyeam, 2025;

Singgalean, 2025). Moreover, enhancing local infrastructure, strengthening community participation, and leveraging Islamic finance to support SMEs can advance financial inclusion and help retain economic benefits within host communities (Yusuf, Djakfar, Isnaliana, & Maulana, 2025; Bamiro et al., 2025). Policy measures such as mandatory local content in tourism projects, fiscal incentives for community-based initiatives and entrepreneurship programs targeting underrepresented groups are vital to achieving inclusive, resilient, and culturally authentic Halal tourism ecosystems.

3.4. Islamic Lifestyle Industry

The Islamic lifestyle industry constitutes a key pillar of the global Halal economy, encompassing sectors such as Halal pharmaceuticals, cosmetics, modest fashion, and Islamic media and entertainment. By aligning economic activity with Shariah principles, the industry promotes ethical consumption, social well-being, and inclusive growth, while contributing to innovation and employment across emerging and global markets. Despite its growing significance and market potential, the industry faces multidimensional challenges as explained below:

- **Regulatory Fragmentation and certification frameworks**

In the Halal pharmaceutical sector, foundational issues include ingredient sourcing, certification, and regulatory fragmentation. Ensuring that all ingredients, processes, and final products comply with Shariah principles is particularly complex due to the industry's reliance on animal derivatives, alcohols, and enzymes of uncertain origin (Kasri et al., 2023; Naimat et al., 2023). Weak traceability across global supply chains, limited availability of Halal-certified alternatives, and high reformulation costs further exacerbate compliance difficulties (Herdiana & Rusdiana, 2022). The dependence on imported raw materials, a lack of technical guidance regarding Halal certification, and insufficient qualified human resources, hinder effective implementation of Halal assurance systems (Kasri et al., 2023). Similarly, certification complexity, cross-contamination risks, and inconsistent regulatory compliance, reflecting the need for harmonized standards and clearer Halal governance (Naimat et al., 2023). Broader structural challenges also emerge from limited domestic R&D investment and the shortage of Halal-certified suppliers, which restrict the development of Halal-compliant raw materials and innovation in product formulation (Herdiana & Rusdiana, 2022). Moreover, consumer trust and awareness remain limited due to insufficient promotion of Halal certification and the weak visibility of Halal logos in the pharmaceutical market (Mazuki & Bhari, 2024). Ensuring Halal assurance throughout the pharmaceutical supply chain requires integrating Shariah principles with sustainable practices, where raw materials are ethically sourced, processes are transparent, and products are both Halal and tayyib (Mohezar, Zailani, & Tieman, 2016).

The Halal cosmetics sector faces complementary challenges, including geopolitical and regulatory risks, high operational and certification costs, greenwashing, and structural

disadvantages for local firms. Cross-border supply chains fragmented Intellectual Property Protection (IPP), and uneven regulatory development create vulnerabilities. Complex certification procedures, overlapping regulations, supply chain segregation, and Halal-specific packaging further inflate costs, particularly affecting SMEs (Masood, Hati, & Rahim, 2022). Greenwashing and ethical-washing erode consumer trust, with few countries requiring environmental audits and over half of surveyed consumers uncertain whether Halal-labeled products meet ethical or sustainable standards (Swidi et al., 2010). Local producers face structural disadvantages compared with global brands, including limited access to finance, weak R&D ecosystems, and fragmented domestic markets, restricting domestic job creation and product diversity. Strategic interventions, including SME support programs, R&D grants, incubation hubs, export networks, and integration with Halal tourism and lifestyle branding, are essential to build competitiveness, inclusivity, and sustainability in the Halal cosmetics industry (Swidi et al., 2010; Masood et al., 2022).

- **Definitional ambiguity and regulatory fragmentation**

Despite its growth, the Halal media and entertainment sector faces persistent challenges rooted in definitional ambiguity and regulatory fragmentation. The absence of unified Halal certification standards, varying interpretations of Sharia across jurisdictions, and perceptions that Halal compliance restricts creativity collectively limit the industry's consolidation and competitiveness (Hamdi et al., 2025; Tsaqyfa & Sha'ari, 2024). These conceptual inconsistencies hinder the establishment of universally recognized Halal content standards and create uncertainty among both producers and consumers.

Empirical evidence from Muslim-majority countries illustrates how these issues manifest in practice. In Indonesia, for example, the Halal media and entertainment industry benefits from a large domestic market, the growing influence of social media, and rapid digital transformation (Hamdi et al., 2025). Yet, the dominance of non-Halal content, limited innovation, and weak monitoring mechanisms constrain sustainable development. Similar trends are observed in Malaysia and the GCC countries, where the expansion of Halal entertainment within the creative economy is tempered by regulatory and institutional shortcomings. As Tsaqyfa and Sha'ari (2024) note, the lack of standardized certification and IPP restricts cross-border collaboration and content exports.

- **Cultural and linguistic diversity**

Cultural and linguistic diversity further complicates efforts to produce content that resonates across global Muslim audiences. Problems such as stereotyping, misrepresentation, and Western cultural dominance challenge the authenticity of Islamic narratives (Hussain et al., 2024). In addition, technological barriers, limited access to financing, and weak industry coordination reduce producers' ability to compete with mainstream global platforms. While digital innovation—particularly through streaming platforms—creates vast opportunities for outreach, it also reinforces

the need for ethical content curation and effective Sharia-compliant monitoring systems.

To address these challenges, scholars emphasize the importance of multi-level policy responses and collaborative frameworks. Strengthening regulatory structures, clarifying Halal content standards, and enhancing government policy support are foundational steps toward greater harmonization (Hamdi et al., 2025). Equally important is capacity building, developing skilled professionals capable of producing high-quality, innovative, and Sharia-compliant media. Industry-wide collaboration and public engagement through Halal media literacy campaigns can further improve societal awareness and consumer confidence.

4. CONCLUDING REMARKS AND POLICY RECOMMENDATIONS

Over the past decade, the Halal economy has transformed from a fragmented niche into a globally recognized driver of trade, investment, and inclusive growth across OIC countries. Within this expanding landscape, OIC countries account for the majority of global Halal consumption, driven by strong domestic demand for food, lifestyle, and tourism products/services. At the macroeconomic level, the Halal economy has become a conduit for FDI attraction, SME development, and innovation. Emerging technologies, particularly in Halal traceability, digital certification, and Islamic fintech, are reshaping industry competitiveness. Demand-side growth in the Islamic economy is driven by expanding Muslim populations, rising purchasing power, and increasing consumer preference for Shariah-compliant and ethical products and services. Greater awareness, evolving lifestyles, and enhanced global connectivity are further accelerating demand across sectors such as Islamic finance, Halal food, modest fashion, and ethical living.

Despite strong growth, the Halal industry faces interconnected systemic challenges that limit its development as a unified ecosystem. These include regulatory fragmentation, high certification costs, weak data systems, skills shortages, digital gaps, and consumer trust issues, alongside sector-specific risks such as counterfeiting, greenwashing, and sourcing constraints.

Recent global disruptions, including geopolitical tensions, the COVID-19 pandemic, accelerating digital transformation, and the rising emphasis on sustainability, have exposed both vulnerabilities and opportunities within the Halal industry. The pandemic disrupted trade and supply chains, revealing structural dependencies in food, tourism, and logistics sectors. At the same time, it catalyzed innovation through the rapid adoption of digital Halal assurance systems, e-commerce platforms, and virtual trade facilitation tools. OIC countries and institutions adapted by investing in digital certification, blockchain-enabled traceability, and online capacity-building programs that helped maintain sectoral integrity during periods of crisis.

Since then, digitalization has evolved into a key pillar of resilience, driving data-based decision-making, certification transparency, and expanding access to international markets. Parallel to this, the global shift toward sustainability has encouraged the Halal industry to integrate ESG principles into its value chains, promoting ethical sourcing, circular economy practices, and carbon-conscious production models. These trends illustrate that resilience and innovation are mutually reinforcing: the Halal economy's ethical foundation offers a natural bridge between sustainability objectives and inclusive growth, positioning OIC countries as leaders in shaping a responsible global economic future.

A. Overall Recommendations

Consider Establishing OIC Halal Economy Framework: OIC countries continue to face structural challenges in maximizing their participation in the global Halal economy, including limited intra-OIC trade, fragmented certification systems, and insufficient digital and investment integration. To address these gaps, OIC countries should strengthen coordination through a unified OIC Halal Economy Framework that aligns trade, investment, and industrial policies.

Enhance Cooperation and Collaboration: Enhanced cooperation between key OIC institutions such as SESRIC, SMIIC, ICDT, COMCEC, and IsDB can facilitate the harmonization of Halal standards, improve data sharing, and promote the exchange of best practices.

Integrate Digital Technologies: Integration of digital tools, such as blockchain-enabled Halal assurance, traceability systems, and AI-based market intelligence, should be prioritized to enhance transparency and market access.

Adopt Sustainable Practices: Fostering sustainable production through the adoption of ESG principles and circular economy models can reinforce the alignment of Halal industries with global sustainability objectives.

Promote Private Sector Participation: Greater private sector participation, particularly from SMEs, youth, and women entrepreneurs, will be essential to ensure inclusive growth, innovation, and competitiveness within the Halal economy.

B. Islamic Finance

Mobilize Capital toward Productive Halal Industries: While Islamic finance remains a major pillar of the Halal economy, its linkage with the real sectors of Halal food, tourism, and lifestyle industries remains limited. Many OIC countries face uneven financial sector development. Strengthening these linkages is vital to mobilizing capital toward productive Halal industries.

Enhance Diversity of Islamic Finance Instruments: Member countries should expand the use of Islamic finance instruments such as sukuk, venture capital funds, and Islamic microfinance to support Halal industry value chains.

Integrate Digital Technologies: The integration of technological innovations like blockchain and artificial intelligence in financial systems should also be promoted to enhance efficiency, transparency, and compliance. Islamic fintech and digital banking platforms should be leveraged to improve financial inclusion, particularly for SMEs and startups engaged in Halal sectors.

Enhance Cooperation and Collaboration: At the institutional level, enhanced cooperation among OIC and non-OIC bodies, including IsDB, IIFM, IFSB, and SESRIC, can facilitate capacity-building, policy coordination, and knowledge exchange on emerging areas such as green sukuk and sustainability-linked finance.

C. Halal Food

Unify Framework to Harmonize Certification: OIC countries should adopt the OIC/SMIIC standards as a unified framework to harmonize certification, reduce technical barriers, and strengthen mutual recognition among national authorities.

Enhance Intra-OIC Trade: Enhancing intra-OIC trade through the simplification of customs procedures, reduction of non-tariff barriers, and promotion of preferential trade arrangements will be critical to narrowing the Halal food trade deficit. Regional clusters and alliances between producers, logistics providers, and certification bodies can improve supply chain efficiency and ensure compliance with Halal principles.

Invest in Agri-Food Industrialization and Infrastructure: Member countries should also invest in agri-food industrialization, logistics, and quality infrastructure to expand value-added production.

Enhance Cooperation and Collaboration: Furthermore, participation in international Halal expos, food festivals, and trade fairs can help OIC producers expand global visibility and market reach. By aligning food security strategies with Halal industrial development, member countries can reinforce resilience and achieve greater self-sufficiency.

D. Halal Tourism

Enhance Tourism Infrastructure: OIC destinations should focus on enhancing tourism infrastructure, improving connectivity, and developing a unified Halal tourism framework guided by SMIIC standards.

Strengthen Destination Branding: Member countries should strengthen destination branding through digital marketing platforms, emphasizing cultural heritage, faith-friendly facilities, and sustainability credentials.

Invest in Human Capital: Expanding professional training for tourism operators, hospitality staff, and service providers is essential to maintaining service excellence and cultural sensitivity.

Enhance Cooperation and Collaboration: OIC countries should also explore joint investment schemes to develop Halal-friendly resorts, transport networks, and integrated digital booking platforms.

Promote Private Sector Participation: Encouraging collaboration between national tourism boards, airlines, and private sector investors can enhance visibility and competitiveness.

Adopt Sustainable Practices: In addition, adopting sustainable tourism practices, such as eco-friendly accommodations and responsible travel guidelines, will ensure long-term sector resilience while aligning with global sustainability targets.

E. Halal Lifestyle

Build Capacity in Creative Industries: OIC countries should prioritize capacity building and investment in creative industries to expand local production and reduce dependence on imports. Strategic support for SMEs and entrepreneurs in design, cosmetics, and media sectors can drive innovation, employment, and value addition.

Harmonization of Halal Certification and Standards: Harmonizing certification systems and mutual recognition arrangements will strengthen consumer confidence and facilitate cross-border trade.

Enhance Cooperation and Collaboration: OIC institutions should work together to strengthen cooperation. SESRIC should lead efforts in data collection, skill development, and evidence-based policy support; SMIIC should continue to develop and harmonize Halal standards and certification guidelines across lifestyle segments; and ICDT should focus on promoting intra-OIC trade, facilitating participation in international expos, and enhancing market access for Halal lifestyle products. Collaboration among these institutions, in coordination with IsDB for financing and COMCEC for policy dialogue, will enable the establishment of regional training initiatives, certification networks, and innovation platforms for Halal lifestyle entrepreneurs.

Raise Awareness: Awareness campaigns and partnerships with media, influencers, and educational institutions can help promote ethical consumption and highlight the cultural diversity of Halal lifestyles.

ANNEX

OIC Countries (57)

Code	Country	Code	Country	Code	Country
AFG	Afghanistan	GUY	Guyana	PAK	Pakistan
ALB	Albania	IDN	Indonesia	PSE	Palestine
DZA	Algeria	IRN	Iran	QAT	Qatar
AZE	Azerbaijan	IRQ	Iraq	SAU	Saudi Arabia
BHR	Bahrain	JOR	Jordan	SEN	Senegal
BGD	Bangladesh	KAZ	Kazakhstan	SLE	Sierra Leone
BEN	Benin	KWT	Kuwait	SOM	Somalia
BRN	Brunei Darussalam	KGZ	Kyrgyzstan	SDN	Sudan
BFA	Burkina Faso	LBN	Lebanon	SUR	Suriname
CMR	Cameroon	LYB	Libya	SYR	Syria
TCO	Chad	MYS	Malaysia	TJK	Tajikistan
COM	Comoros	MDV	Maldives	TGO	Togo
CIV	Côte d'Ivoire	MLI	Mali	TUN	Tunisia
DJI	Djibouti	MRT	Mauritania	TUR	Türkiye
EGY	Egypt	MAR	Morocco	TKM	Turkmenistan
GAB	Gabon	MOZ	Mozambique	UGA	Uganda
GMB	Gambia	NER	Niger	ARE	United Arab Emirates
GIN	Guinea	NGA	Nigeria	UZB	Uzbekistan
GNB	Guinea-Bissau	OMN	Oman	YEM	Yemen

OIC Countries by Income Group

Income Group	Countries
High Income (8)	Bahrain, Brunei Darussalam, Guyana, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates
Upper Middle Income (14)	Albania, Algeria, Azerbaijan, Gabon, Indonesia, Iran, Iraq, Kazakhstan, Libya, Malaysia, Maldives, Suriname, Türkiye, Turkmenistan
Lower Middle Income (20)	Bangladesh, Benin, Cameroon, Comoros, Côte d'Ivoire, Djibouti, Egypt, Guinea, Jordan, Kyrgyzstan, Lebanon, Mauritania, Morocco, Nigeria, Pakistan, Palestine, Senegal, Tajikistan, Tunisia, Uzbekistan
Low Income (15)	Afghanistan, Burkina Faso, Chad, Gambia, Guinea-Bissau, Mali, Mozambique, Niger, Sierra Leone, Somalia, Sudan, Syria, Togo, Uganda, Yemen

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